TSE Code: 2379

REALTEK SEMICONDUCTOR CORP.
2022 Annual Report

The annual report is available at:

I. Taiwan Stock Exchange Market Observation Post System: https://mops.twse.com.tw

II. Realtek website for annual report: https://www.realtek.com

Printed Date: April 28, 2023

Notice to Readers:

This annual report has been prepared originally in Chinese. The English version is a direct translation of the Chinese version.

I. Spokesperson:
Name: Huang, Yee-Wei
Title: Vice President
Deputy Spokesperson:
Name: Lin, Han-Chen
Title: Special Assistant to President
Tel: (03) 578-0211
Email: investors@realtek.com

II. Headquarters
Address: No. 2, Innovation Road II, Hsinchu Science Park, Hsinchu 300, Taiwan
Tel: (03) 578-0211

III. Transfer Agent:
Company: CTBC BANK CO., LTD. Transfer Agency Department
Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Taipei City 100, Taiwan.
Website: www.ctbcbank.com
Tel: (02) 6636-5566

IV. Auditor of the latest financial report:
Auditors: Li, Tien-Yi & Cheng, Ya-Huei
Company: PricewaterhouseCoopers'
Address: 5F., No. 2, Gongye E. 3rd Rd., Hsinchu Science Park, Hsinchu 300, Taiwan
Website: www.pwc.com.tw
Tel: (03) 578-0205

V. GDR listed stock exchange and the way to search for information:
Name: Luxembourg Stock Exchange
Please refer to the Luxembourg Stock Exchange official website for Realtek GDR Price.
Website: www.bourse.lu

VI. Company website: www.realtek.com

Table of Contents

Letter to Shareholders

1. 2022 Operating Results
After the semiconductor industry experienced a supply shortage in 2021, the end market demand weakened. In 2022 the supply chain faced inventory problems due to geopolitics, epidemics, inflation, and other major environmental factors. According to Gartner's estimate, global semiconductor industry revenue in 2022 was US$601.7 billion, an increase of a mere 1.1% compared to 2021. Analog (19% year-over-year increase) and discrete (15% year-over-year increase) components were the main growth areas, neither of which were Realtek product areas.

Despite the many challenges, Realtek, working closely with upstream suppliers and downstream customers, took it upon ourselves, with the concerted effort of all employees, to deliver an annual revenue growth. Realtek Group's annual consolidated revenue in 2022 was NT$111.79 billion, an increase of 6.0% from the previous year; gross operating profit was NT$54.64 billion, up 2.7% from the previous year; net profit after tax was NT$16.20 billion , a drop of 3.8% from the previous year, with earnings per share of NT$31.62.

In addition to the solid operating results, Realtek has been consistently recognized in the industry for its technological innovation and execution. According to Taiwan Intellectual Property Office's 2022 Statistical Rankings for Patent Applications and Grants, Realtek ranked 7th with 332 invention applications. Our patent portfolio has also been recognized in international assessments, and Realtek was selected as one of the 'Top 100 Global Innovators' by Clarivate for the first time in 2022. Through continuous technological innovation, Realtek products frequently stand out in major competitions in the industry. At 2022 COMPUTEX Taipei, Realtek AI Super Resolution Fidelity Recovery IC (RTD2892NND) won the 'Golden Award' and 'Best Choice of the Year Award'; our Bluetooth Dual Mode AUDIO Watch Solution (RTL8763E) won the 'IC and Component Best Choice' Category Award. The 2.5 Gigabit Ethernet controller won the 31st Taiwan Excellence Award. Realtek's first Edge AI USB Camera Controller (RTS5863) was awarded a 2022 Innovation Product Award from Hsinchu Science Park Administration. These awards reflect Realtek's efforts and achievements in continuously breaking through technical bottlenecks and optimizing product design.

Sustainable development of the enterprise is the core belief behind Realtek's continuous improvement, with the goal of becoming a sustainable enterprise that meets the expectations of all stakeholders. We continue to pay attention to international initiatives related to corporate sustainability, define material issues, formulate short-, mid-, and long-term goals, and push through various sustainable projects by optimizing management mechanisms and effective performance evaluation. Material issues in 2022 include corporate governance and compliance, environmental sustainability and climate change response, information security, economic performance, innovative R&D and product due diligence, customer relationship management, talent attraction and development, and supplier sustainability management. In order to mitigate the climate change crisis caused by the greenhouse effect, and actively respond to the international Net Zero Initiative, Realtek has committed to achieving the major goal of net zero carbon emissions by 2050. It plans to meet the goal by reducing total carbon emissions through various energy-saving and carbon-reduction measures such as continuous development of low-carbon products, improvement of equipment energy efficiency, construction and certification of office buildings in accordance with green building standards, increased use of renewable energy, and implementation of MBO (Management by Objective) for supply chain carbon reduction.

2. 2023 Business Plan

Although the semiconductor industry is facing short-term headwinds and uncertainties, Realtek continues to optimize its product portfolio to meet the needs of various end markets, provide customers with more competitive products, and achieve the long-term goal of uninterrupted growth and continuous profitability. Looking forward into 2023, each main Business Group of Communications Network, Connected Media, Computer Peripheral, Smart Interconnect and Multimedia will respectively launch a series of new products to drive technical specification upgrades in the mainstream markets, and expand niche market applications.

For wireless communication, Wi-Fi 6 controllers have replaced Wi-Fi 5 in the personal computer and router markets, and have become the mainstream specification. In 2023, the Wi-Fi 6 specification is expected to penetrate into new end markets, such as AR/VR, printers, and consumer electronics, thereby further boosting the revenue contribution of Wi-Fi 6 and Wi-Fi 6E. Meanwhile, Wi-Fi 7 is becoming a highly contested new-generation specification for Wi-Fi applications. Realtek plans to launch the first generation Wi-Fi 7 products in 2023, with PCs as the first target market for 2024 mass production by key OEM customers.

With respect to IoT applications, Realtek continues to actively cooperate with IoT-related organizations and standard-setting companies to release the first generation of products in step with major customers. Additional new products will be released in 2023 to facilitate a complete smart home environment. Regarding Bluetooth chips, Realtek's new-generation Bluetooth 5.2 BLE Audio solutions have successfully entered the low-latency gaming headset/smartwatch with Bluetooth calling function markets, thereby gradually expanding its applications in the Bluetooth audio market. The BTNIC and BLE SoC Bluetooth series products also continue to develop the remote controls and wearable market while actively expanding new application markets, aiming at Electronic Shelf Labels (ESL), industrial applications, medical, and automotive markets to provide cross-field and diverse solutions for various customers.

In Ethernet, Realtek's 2.5GbE products have become the standard specification for flagship motherboards. They have also expanded to mid-to-high-end PC models, and have penetrated into the accessory market for switches and network interface extensions. To meet the highly digitalized market demand in the post-pandemic era, in 2023 Realtek will launch a higher-speed 5GbE Ethernet solution to provide more flexible choices for customers in different market segments.

For Ethernet switches, Realtek's Layer 3 managed switch products benefited from the substantial increase in demand for network communication equipment, and have been adopted by key customers. At the same time, PSE (Power Sourcing Equipment) products have also successfully entered the supply chain of major customers. With the gradual increase in Wi-Fi 6 penetration and the infrastructure upgrade of telecom operators in various countries in the past few years, Realtek's 5-port Gb Ethernet switch and PON product lines have achieved success. It is expected that 2.5 Gb Ethernet switches will gradually replace existing Gb Ethernet switches in 2023. The future goal is to strengthen the depth and breadth of the product portfolio to provide complete and competitive solutions in all areas of the market.

Automotive Ethernet has become the backbone of the automotive in-vehicle network, and Realtek has become one of the primary suppliers of automotive Ethernet. In order to support the needs of future intelligent networked vehicles, Realtek is investing resources to develop a new generation of physical layer chips that support the new 2.5GBASE-T1 standard, and to incorporating data security protection and support for high bandwidth interfaces into our product planning. It is expected that business revenue and market share will grow steadily.

As for Computer Peripheral and Smart Interconnect products, after the supply problems of relevant components gradually subsided in the first half of 2022, high inventory became a major challenge in the second half of the year due to a sharp fall in end market demand under an adverse overall environment. In the face of a market downturn, Realtek continued to improve and develop new generations of products in anticipation of a market rebound. Building on the AI Audio noise cancellation algorithm that has been well received by the market over the past two years, Realtek's new generation of products comprehensively improve the user experience of PCs, conference devices, and live broadcast devices while extending the application field from meetings to content creators. At the same time, in response to possible future PC audio interface specification changes, Realtek continues to actively participate in specification definition, and plans a complete product portfolio so that customers can switch specifications smoothly.

In terms of image signal processing ICs, Realtek, driven by the trend to high resolution, high image quality, and intelligence, has launched the world's first and only USB camera solution that integrates edge

computing, and has strategically cooperated with major PC makers to deliver an HPD (Human Presence Detection) solution that supports 5MP with an expected launch date in the first half of 2023. As PC applications are concerned more and more about low power consumption and security, Realtek developed a highly integrated, low power embedded system controller chip with a high-end MCU and more memory than competitors, using an advanced manufacturing process with a built-in full hardware encryption engine. It meets the need for power saving and security at the same time. With the increasing popularity of the USB Type-C specification, this solution can provide customers with more comprehensive and better power control and data transmission solutions.

In terms of multimedia products, to meet the high-quality requirements of high-end 4K/8K TVs, Realtek has developed an AI super-resolution fidelity recovery single chip, which uses a neural network to identify image scenes and objects, dynamically and instantly removes innate noise in the picture, suppresses distortion, and enhances original low-resolution images to 4K/8K high-resolution images. This innovative technology won the 2022 COMPUTEX Taipei 'Golden Award' and ‘Best Choice of the Year Award'. Following the trend to network streaming media, and responding to changes in consumers' viewing habits that demand higher content quality, Realtek has developed a new generation of set-top box solutions that integrate High Dynamic Range, 3D audio, and a new generation of coding technology. These solutions, complete with a cost-competitive, low-power software-hardware reference design, can assist customers in developing high-performance set-top boxes.

In the LCD monitor field, Realtek continues to lead the industry in delivering various high-speed interface specifications, enabling high resolution, high dynamic range, high frame rate, wide color gamut, and true color reproduction, thereby providing customers with the widest product choice.

3. Strategy for Future Development and Impact by Competitive, Regulatory, and Macro Conditions

Semiconductor markets in the short term are facing challenges such as end market demand and inventory adjustment, impacted by geopolitics, pandemics, and inflation. Nevertheless, with the continuing advancement in Internet, artificial intelligence, and automotive applications, there are ample opportunities and room for growth in the medium and long term. Realtek actively practices sustainable corporate development, strengthens corporate governance, enhances product core technology competitiveness, builds a sustainable supply chain, and deepens mutual trust and partnership with customers to grow with them hand in hand, thereby continuously heightening shareholder value.

We want to thank all shareholders for your ceaseless care and support. We also wish you health and success in the future.

Chairman: Chiu, Sun-Chien
President: Yen, Kuang-Yu
Controller: Chang, Jr-Neng

Company Introduction

I. Date of Establishment

Realtek Semiconductor Corporation ('the Company') was incorporated on October 21, 1987, and debuted on the Taiwan Stock Exchange in October 1998. It is headquartered in Taiwan and it has sales or R&D teams in China, Singapore, the United States, Japan, and South Korea.

II. Company Milestones

1987/10	The Company is incorporated.
1988/04	The Company's Taipei office is established.
1991/12	The Pocket Ethernet Controller receives an Innovative Technology Award from the Hsinchu Science Park Administration.
1993/12	The High-Performance Window Accelerator Chip receives an Innovative Product Award from the Hsinchu Science Park Administration.
1995/02	The Full Duplex Plug-and-Play Ethernet Controller receives a Product Innovation Award from EDN Asia.
1996/12	For its extensive R&D initiatives and achievements, the Company receives an R&D Participation Award from the Hsinchu Science Park Administration.
1997/06	The Single-Chip Fast Ethernet Controller receives a Best Component Award and a Best Product Award at Computex Taipei 1997.
1997/09	The Company is listed in Gre Tai Securities Market (Taipei Exchange).
1997/11	The Single-Chip Fast Ethernet Controller receives a New Product Development Award from the Industrial Development Bureau, Ministry of Economic Affairs.
1998/10	The Company debuts on the Taiwan Stock Exchange.
1998/12	For the fourth consecutive year, the Company receives an R&D Participation Award from the Hsinchu Science Park Administration.
1999/12	The 4-Port Fast Ethernet Transceiver receives an innovative technology R&D grant from the Hsinchu Science Park Administration.
2000/05	For the first time, the Company issues unsecured convertible bonds; the total value is NT$1.4 billion.
2000/08	For its outstanding R&D achievements, the Company receives a Most Outstanding Award at the Ministry of Economic Affairs' 8th Industrial Technology Development Awards.
2001/12	The Multi-mode Single-Chip 10/100M Fast Ethernet Controller SoC receives a Component Design Award from *EDA Asia Magazine*.
2002/01	For the first time, the Company issues Overseas Depositary Receipts; the total value is US$240,180,375.
2002/06	The ALC650 6-Channel Audio Codec receives a Best Choice Award at Computex Taipei 2002.
2002/11	The Company ranks among the Global Top 10 Electronic Component Providers by Taiwan's *Micro-Electronics Magazine*.
2003/10	For the second consecutive year, the Company ranks among the Forbes Global 200 Best Small Companies.

2003/10	The RTL8169S/RTL8110 Single-Chip Gigabit Ethernet Controller receives an Innovative Product award from the Hsinchu Science Park Administration.
2004/03	The PCI Express Single-Chip Gigabit Ethernet Controller receives an innovation R&D grant for NT$3 million from the Hsinchu Science Park Administration.
2004/06	The Dual-Band Triple-Mode WLAN Chipsets RTL8185L and RTL8255 receive a Best Choice Award at Computex Taipei 2004.
2004/09	The reference designs of the IEEE802.11a/b/g WLAN Chipsets RTL8185L and RTL8255 pass the Wi-Fi Alliance's WPA2 (Wi-Fi Protected Access 2) testing and become the golden test bed.
2004/10	The Dual-Band Triple-Mode WLAN Chipset receives an Outstanding IT Application/Product Award from the committee for Taiwan Information Technology Month.
2004/12	The WLAN Chipsets RTL8187L and RTL8255 receive an Innovative Product Award from the Hsinchu Science Park Administration.
2004/12	The Company receives an R&D Accomplishment Award from the Hsinchu Science Park Administration.
2005/03	The Company unveils the ALC882 7.1+2 Channel High Definition Audio Codec.
2005/06	The Company celebrates the grand opening of its new building on Innovation Rd. II in Hsinchu Science Park.
2005/08	The Company releases the RTS5111, the world's first USB 2.0 All-in-One Card Reader Controller with Integrated 5V/3.3V Regulator and Power MOSFET.
2005/11	For its substantive R&D achievements, the Company receives another R&D Accomplishment Award from the Hsinchu Science Park Administration.
2006/03	The Company releases a new generation of High Definition Audio codecs, the ALC885 and ALC888 Telecom.
2006/03	The ALC888 Telecom receives a Technology Innovation Accelerated Award for the 'Digital Office' platform at the 2006 Intel Developer Forum.
2006/08	The Company passes ISO 14001 Environmental Management Systems certification.
2006/10	The Company celebrates its 20th anniversary.
2006/12	The ALC888 Telecom receives an Innovative Product Award from the Hsinchu Science Park Administration.
2006/12	For the third consecutive year, the Company receives an R&D Accomplishment Award from the Hsinchu Science Park Administration.
2007/01	At an extraordinary shareholders' meeting, shareholders approved a capital reduction of NT$4,180,701,000 (each share qualified for a rebate of approximately NT$5); the reduction ratio is 50%.
2007/06	The RTL8111C PCI Express Single-Chip Gigabit Ethernet Controller receives a Best Choice Award at Computex Taipei 2007.
2007/07	The Company releases the RTL8366S and RTL8366SR low power, highly integrated 6-Port Gigabit Ethernet Switch Controller Single-Chip solutions featuring patented Green Ethernet technology.
2007/10	The Company releases the RTS5161/68/69, the world's first multi-function card reader controller to integrate a NAND flash card reader, a smart card reader, a fingerprint reader, and an IR receiver.

2007/10	The Company releases the ALC269, which is the first HD Audio Codec to integrate a 2W Class D Amplifier and the latest low power specifications. The device represents a breakthrough in reducing the power consumption of laptop computers.
2007/11	The Company releases the ALC889 HD Audio Codec, which features a Signal-to-Noise Ratio (SNR) of 108dB and is the only HD Audio Codec to have full rate Blu-Ray DVD playback.
2007/12	The RTL8111C-GR PCI Express Gigabit Ethernet Controller receives an Innovative Product Award from the Hsinchu Science Park Administration.
2007/12	For the fourth consecutive year, the Company receives an R&D Accomplishment Award from the Hsinchu Science Park Administration.
2008/05	The Company demonstrates a series of Networked Multimedia SoC solutions at Computex Taipei 2008.
2008/06	The RTD2485D All-in-One LCD Monitor Controller receives a Best Choice Award at Computex Taipei 2008.
2008/09	The Company releases the RTL8191S and RTL8192S, the world's smallest, most energy efficient 802.11n WLAN IC Single-Chip solutions. They are the first controllers to integrate MAC/BB/RF with an embedded power amplifier, EEPROM, and switching regulators.
2008/10	The RTL8366SR 5+1-Port Gigabit Ethernet Switch Controller Single-Chip receives a 2008 EDN China Innovation Award.
2008/12	The RTD2485D All-in-One LCD Monitor Controller receives an Innovative Product Award from the Hsinchu Science Park Administration.
2009/08	The Company receives a 2009 National Invention and Creation Award.
2009/10	The Company releases the RTL8111E, the first Gigabit Ethernet Controller SoC to use the IEEE 802.3az standard.
2009/10	The RTD1073 Full-HD Digital Media Processor receives a 2009 EDN China Innovation Award.
2009/11	The RTD1073/1283 Full-HD Digital Media Processor receives a 2009 Outstanding IT Application/Product Award.
2009/11	The RTL8111DP-GR PCI Express Gigabit Ethernet Management Controller receives a 2009 Innovative Product Award from the Hsinchu Science Park Administration.
2009/11	The Company receives the International Exchange and Cooperation Award from the Hsinchu Science Park Administration.
2009/11	The Company receives the 2009 R&D Accomplishment Award from the Hsinchu Science Park Administration.
2010/01	At the 2010 CES, the Company demonstrates industry-leading Green Ethernet power-savings technology, including the IEEE 802.3az Ethernet Single-Chip and Switch Controller, as well as the world's most energy efficient power-over-USB 2x2 802.11n Wireless Router using the Company's Green WLAN technology.
2010/06	The ALC899-GR High Fidelity PC Audio Codec receives a Best Choice Award at Computex Taipei 2010.
2010/06	The RTL8111E Single-Chip Gigabit Ethernet Controller receives a Best Choice Award at Computex Taipei 2010.

2010/12	The RTL8111E Single-Chip Gigabit Ethernet Controller receives a 2010 Outstanding IT Application and Products Award.
2010/12	The RTL8367M 7-Port Gigabit Ethernet Switch Controller receives a 2010 Innovative Product Award from the Hsinchu Science Park Administration.
2010/12	The Company receives a 2010 Science Park R&D Accomplishment Award.
2011/10	The Company receives the 1st Taiwan Green Classics Award, hosted by the Bureau of Foreign Trade, Ministry of Economic Affairs.
2011/12	The Company receives an Industrial Sustainable Excellence Award from the Industrial Development Bureau, Ministry of Economic Affairs.
2011/12	The Company receives a National Industrial Innovation Award – Outstanding Enterprise Innovation Award from the Department of Industrial Technology, Ministry of Economic Affairs.
2011/12	The Company receives a 2011 Science Park R&D Accomplishment Award.
2012/12	The ALC5642 Hi-Fi Audio Integrated with Voice/Sound DSP and Codec Single-Chip receives a 2012 Innovative Product Award from the Hsinchu Science Park Administration.
2012/12	The Company receives a 2012 Science Park R&D Accomplishment Award.
2013/06	The RTD2995 4K2K UHD Smart TV SoC receives a Best Choice Golden Award at Computex Taipei 2013.
2013/11	The RTL8153 Low Power USB 3.0-to-Gigabit Ethernet Controller receives a 2013 EDN China Innovation Award.
2013/12	The RTD2995 4K2K UHD Smart TV SoC receives a 2013 Innovative Product Award from the Hsinchu Science Park Administration.
2014/06	The RTL8118AS Ultra Low Power Gaming NIC receives a Best Choice Green ICT Award at Computex Taipei 2014.
2014/06	The RTL8881A AP/Router Network Processor SoC (with 11ac Wi-Fi) receives a Best Choice Award (in Communication) at Computex Taipei 2014.
2015/04	The Company's subsidiary Realtek Singapore Pte Ltd. acquires 100% equity interest of Cortina Access, Inc. and its subsidiaries.
2015/06	The RTL8195AM Low Power Wi-Fi IoT SoC receives a Best Choice Golden Award at Computex Taipei 2015.
2015/12	The RTD2999 4K Ultra-High Picture Quality Smart TV SoC receives a 2015 Innovative Product Award from the Hsinchu Science Park Administration.
2016/06	The RTL8762A Bluetooth Low Energy SoC receives a Best Choice Golden Award at Computex Taipei 2016.
2016/06	The RTS5421 USB 3.1 Type-C Hub receives a Best Choice Golden Award at Computex Taipei 2016.
2016/12	The Company receives a 2016 Science Park R&D Accomplishment Award.
2016/12	The RTL9020AA Automotive Camera SoC Integrated with Audio/Video Processor and Ethernet receives a 2016 Innovative Product Award from the Hsinchu Science Park Administration.
2017/06	The RTL9047A Automotive Ethernet Switch Controller receives a Best Choice Award in the Car Electronics category at Computex Taipei 2017.
2017/06	The RTL8771B Low Power Wearable GNSS Receiver receives a Best Choice Award in the Mobile & Wearables category at Computex Taipei 2017.

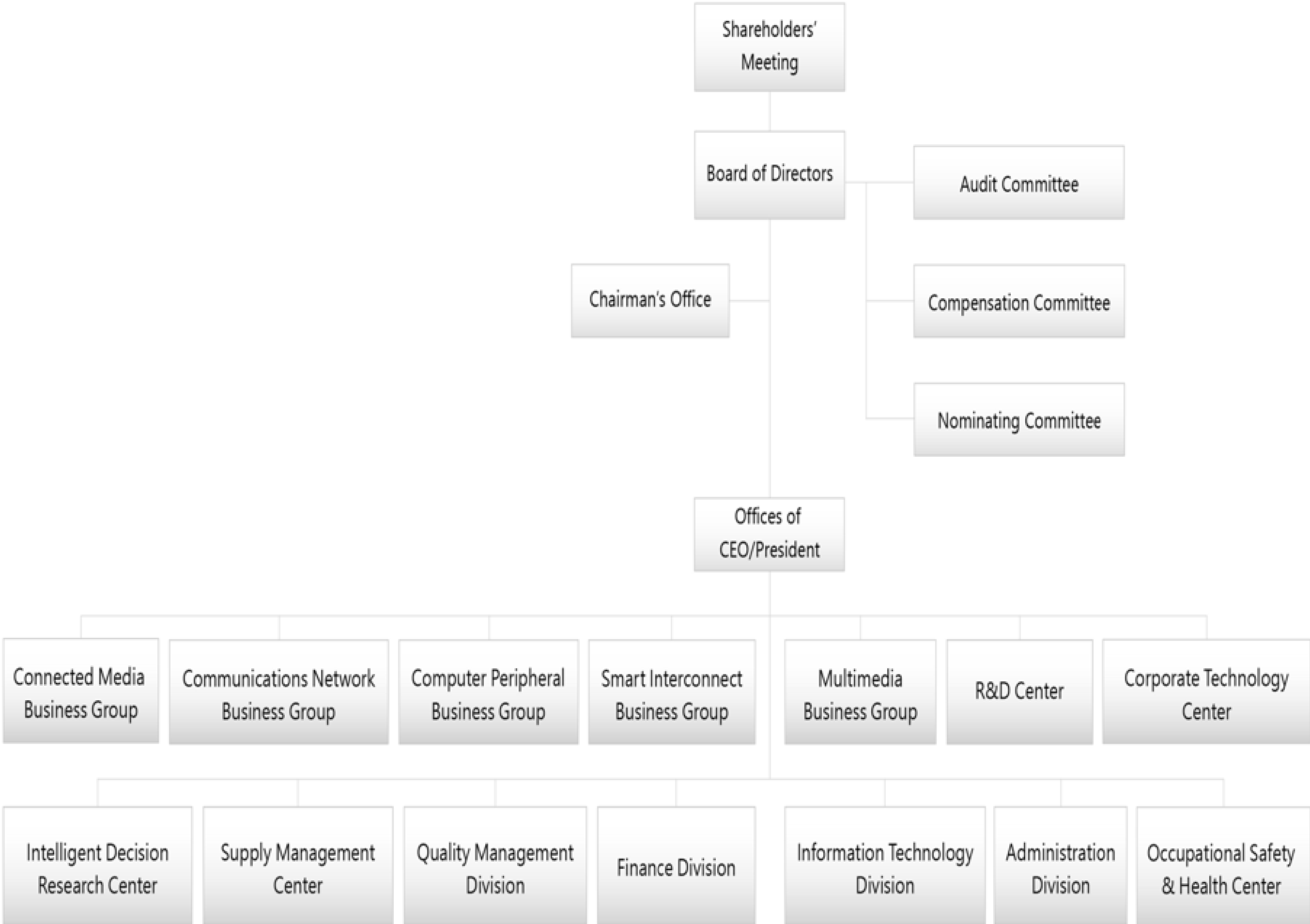
2017/06	The world's most energy efficient Bluetooth 5 Dual Mode Audio SoC, the RTL8763B, receives a Best Choice Award in the IC & Components category at Computex Taipei 2017.
2017/06	The RTL8117 Personal Cloud IC Solution receives a Best Choice Award: the Jury's Special at Computex Taipei 2017.
2017/11	The Communications Network Group's CN3 Wi-Fi R&D team receives a 2017 Outstanding Technology Management Award.
2018/05	The Company releases the world's first 2.5G Ethernet Controller SoC for multiple applications, including gaming.
2018/06	The RTL8715A Highly Integrated, Ultra-Low-Power Wi-Fi IP Camera SoC receives a Best Choice Award in the IoT Applications category at Computex Taipei 2018.
2018/06	The RTL8762C Bluetooth 5 Low Energy SoC receives a Best Choice Award in the IC & Components category at Computex Taipei 2018.
2018/06	The ALC5520 Multi-Mic Far-Field Speech Recognition Enhanced SoC solution receives a Best Choice Golden Award at Computex Taipei 2018.
2018/06	The Company receives an Asia Responsible Entrepreneurship Award.
2018/12	The ALC5520 Multi-Mic Far-Field Speech Recognition Enhanced SoC solution receives a 2018 Innovative Product Award from the Hsinchu Science Park Administration.
2019/06	The RTD2893 8K Video Decoder and Processing IC receives the Best Choice of the Year/Golden Award at Computex Taipei 2019.
2019/06	The RTL8773B Bluetooth 5 ANC Smart Headset SoC receives a Best Choice Golden Award at Computex Taipei 2019.
2019/06	The RTL8722DM Ameba D: Ultra-Low-Power Versatile IoT Solution wins a Best Choice IoT Category Award at Computex Taipei 2019.
2019/12	The RTD2893 8K Video Decoder and Processing IC receives a 2019 Innovative Product Award from the Hsinchu Science Park Administration.
2019/12	The Company receives a 2019 Science Park R&D Accomplishment Award for overall R&D results.
2020/12	The RTL8156B 2.5G USB Ethernet controller with world's smallest form factor & lowest power receives a 2020 Innovative Product Award from the Hsinchu Science Park Administration.
2020/12	The Company receives a 2020 Hsinchu Science Park R&D Accomplishment Award for overall R&D results.
2021/5	The New Generation Gaming Network Total Solution 2.5GbE Gaming NIC with 'Dragon Feature' + Wi-Fi 6 & Intelligent Switch (RTL8125BG + RTL8852AE & RTL9313 + RTL8221B) wins a d&i award at Computex Taipei 2021.
2021/7	The Automotive Ethernet Switch IC (RTL9075AAD/RTL9072AAD) receives a Best Choice Golden Award at Computex Taipei 2021.
2021/7	The RTS3916N Low Power AI IP Camera SoC receives a Best Choice AI, Big Data & Cloud Computing Category Award at Computex Taipei 2021.
2021/9	The Company wins the 2021 Asia Responsible Enterprise Award.
2022/4	The Company is recognized in the Clarivate Top 100 Global Innovators 2022 list.
2022/5	The RTL8763E Bluetooth Dual Mode Audio Watch Solution receives a Best Choice IC and Component Category Award at Computex Taipei 2022.

2022/5	The RTD2892NND AI Super Resolution Fidelity Recovery IC receives the Best Choice of the Year/Golden Award at Computex Taipei 2022.
2022/11	The Realtek 2.5 Gigabit Dragon Bandwidth-Optimized Ethernet Controller Solutions (RTL8125BG + RTL8156BG) receive a Taiwan Excellence Award 2022.
2022/12	The RTS5863 Edge AI USB Camera Controller receives a 2022 Innovative Product Award from the Hsinchu Science Park Administration.

Corporate Governance Report

I. Organization

1. Organizational Structure



2. Responsibilities of Main Departments

Department	Key Responsibilities
Chairman's Office	Reviews the Company's operations and implementation of resolutions made by shareholders' meetings and the Board of Directors; Company audits.
President's Office	Plans and executes the Company's operational strategies and analysis; carries out Board of Directors' resolutions, investment assessments, PR statements, legal and patent affairs, and international marketing.
Communications Network Business Group	Manages communications network product R&D, planning and marketing.
Computer Peripheral Business Group	Manages computer peripheral product R&D, planning and marketing.
Multimedia Business Group	Manages multimedia product R&D, planning and marketing.
Connected Media Business Group	Manages connected media product R&D, planning and marketing.
Smart Interconnect Business Group	Manages smart interconnect product R&D, planning and marketing.
R&D Center	Plans new products, develops and designs relevant core technologies, and manages circuit layouts.
Corporate Technology Center	Oversees the planning, research and service of all advanced technologies needed in the Company's product development.
Intelligent Decision Research Center	Oversees big data analytics.
Supply Management Center	Oversees raw materials, warehousing, materials control, procurement, IC manufacturing and testing, and testing equipment maintenance.
Quality Management Division	Oversees product quality control and reliability engineering.
Finance Division	Oversees finance, accounting, and stock affairs.
Information Technology Division	Oversees information management and computer systems integration and applications.
Administration Division	Oversees general affairs, factory administration, and human resources.
Occupational Safety & Health Center	Oversees occupational safety and health.

II. Information of Directors and Officers

1. Information of Directors

April 8, 2023

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experience	Current Positions at the Company and other companies	Managers or Directors who are spouse or within second-degree relatives to each other		
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relation
Director	Belize	United Glory Co., Ltd.	-	2021.08.09	3 years	2021.08.09	3,265,954	0.64%	3,265,954	0.64%	-	-	-	-	NA	NA	-	-	-
Chairman	ROC	United Glory Co., Ltd. Representative: Chiu, Sun-Chien	Male 51~60	2021.08.09	3 years	2000.06.09	892,831	0.17%	883,831	0.17%	1,384	0.00%	-	-	M.S. in Electrical Engineering, National Taiwan University	Chief Executive Officer of Realtek Semiconductor Corp. Chairman/Director of Realtek Semiconductor Corp. affiliates	-	-	-
Vice Chairman	ROC	United Glory Co., Ltd. Representative: Chern, Kuo-Jong	Male 51~60	2021.08.09	3 years	2006.06.12	40,686	0.01%	40,686	0.01%	-	-	-	-	MBA(Master of Business Administration), The City University of New York, USA.	Vice Chief Executive Officer & Chief Financial Officer of Realtek Semiconductor Corp. Director/Supervisor of Realtek Semiconductor Corp. affiliates			
Director	ROC	Cotek Pharmaceutical Industry Co., Ltd.	-	2021.08.09	3 years	2015.06.09	22,146,604	4.34%	22,146,604	4.32%	-	-	-	-	NA	NA			
Director	ROC	Cotek Pharmaceutical Industry Co., Ltd. Representative: Yeh, Nan-Horng	Male 61~70	2021.08.09	3 years	1994.04.02 (Note 1)	-	-	-	-	-	-	-	-	MBA(Master of Business Administration) ,Washington University in St. Louis, USA.	Director of Yihong Investment Co., Ltd. Chairman of Zu Yuan Industries Co., Ltd. Director of Cotek Pharmaceutical Industry Co., Ltd. Director of Novasiot (Shanghai) Co., Ltd.	Director	Yeh, Po-Len	Brother
Director	BVI	Sonnen Limited	-	2021.08.09	3 years	2015.06.09	66,000	0.01%	66,000	0.01%	-	-	-	-	NA	NA	-	-	-
Director	ROC	Sonnen Limited Representative: Yeh, Po-Len	Male 61~70	2021.08.09	3 years	1991.06.26	2,223,899	0.43%	2,323,899	0.45%	208,398	0.04%	-	-	MSc. & Ph.D. in Material Engineering, Loughbourough University of Technology, United Kingdom	Chairman/Director of Realtek Semiconductor Corp. affiliates	Director	Yeh, Nan-Horng	Brother
Director	ROC	Yen, Kuang-Yu	Male 51~60	2021.08.09	3 years	2021.08.09	23,948	0.00%	23,948	0.00%	4,000	0.00%	-	-	M.S. in Communications Engineering , National Chiao Tung University	President of Realtek Semiconductor Corp. Director of Realtek Semiconductor Corp. affiliates			
Director	ROC	Huang, Yung-Fang	Male 51~60	2021.08.09	3 years	2018.06.05	42,205	0.01%	42,205	0.01%	79,625	0.02%	-	-	M.S. in Electrical Engineering, State University of New York, USA	Chief Operating Officer of Realtek Semiconductor Corp. Chairman/Director of Realtek Semiconductor Corp. affiliates	-	-	-
Director	ROC.	Ni, Shu-Ching	Female 61~70	2021.08.09	3 years	1991.06.26	6,308,389	1.24%	6,308,389	1.23%	6,569,949	1.28%	-	-	Open Junior College	None	-	-	-
Independent Director	ROC	Chen, Fu-Yen	Male 61~70	2021.08.09	3 years	2015.06.09	-	-	-	-	-	-	-	-	M.A. in Journalism, National Chengchi University	CEO of Creative Education and Management Foundation Chairman of EZTravel Travel Service Co., Ltd. Chairman of You Hsin Creative Co., Ltd. Chairman of Eland Technologies Co., Ltd. Chairman of Eland Information Co., Ltd. Chairman of Cyberccn Com Co., Ltd. Director of Wu Global Holdings Limited (BVI)	-	-	-
Independent Director	ROC	Tsai, Tyau-Chang	Male 81~90	2021.08.09	3 years	2006.06.12 (Note 2)	-	-	-	-	-	-	-	-	Bachelor degree in College of Law, National Taiwan University	Director of Ming-Der Senior High School Chairman of Jhang Huei Co., Ltd Johnson Law office Lawyer	-	-	-
Independent Director	ROC	Lo, Chun-Pa	Male 51~60	2021.08.09	3 years	2021.08.09	-	-	-	-	-	-	-	-	Master Degree in Business Administration, National Taiwan University	Investment Vice President of De Jie Investment Co., Ltd. Representative of juristic person director of Biofity Pharmaceuticals Inc.	-	-	-

Note 1: Director Yeh, Nan-Horng did not serve as a director of the company from 2005.05.20 to 2009.06.04.
Note 2: Director Tsai, Tyau-Chang served as a director/supervisor of the company from 2006.06.12 to 2018.06.04, and did not serve as a director of the company from 2018.06.05 to 2021.08.08.

Table I: The major shareholders of institutional shareholders

April 8, 2023

Institutional Shareholders	Major Shareholders of Institutional Shareholders
Cotek Pharmaceutical Industry Co., Ltd.	De Tao Venture Capital Corp. (shareholding: 20%) Hi-Xuan Co., Ltd. (shareholding: 26.672%) Infinite Global Company (shareholding: 26.664%) Yihong Investment Co., Ltd. (shareholding: 26.664%)
Sonnen Limited	Yeh, Yen-Hsi (shareholding: 100%)
United Glory Co., Ltd.	Target Way Co., Ltd. (shareholding: 100%)

Table II: The major shareholders of the major shareholders of institutional shareholders in Table I

April 8, 2023

Shareholder	Major Shareholders Holding
Target Way Co., Ltd.	Chun Mei Chen De Chang (shareholding: 100%)

1.1 Disclosure of professional qualifications of directors and independent status of independent directors

Criteria / Name	Professional qualifications and experience (Note1)	Independent Status (Note2)	Number of other public companies concurrently serving as an independent director
United Glory Co., Ltd. Representative: Chiu, Sun-Chien	Business management, strategic planning, leadership and decision-making, international marketing, technology research and development	-	0
United Glory Co., Ltd. Representative: Chern, Kuo-Jong	Business management, strategic planning, leadership and decision-making, accounting and financial analysis	-	0
Cotek Pharmaceutical Industry Co., Ltd Representative: Yeh, Nan-Horng	Business management, strategic planning, leadership and decision-making	-	0
Sonnen Limited Representative: Yeh, Po-Len	Business management, strategic planning, leadership and decision-making	-	0
Yen, Kuang-Yu	Business management, technology research and development, sales and marketing	-	0
Huang, Yung-Fang	Business management, technology research and development, sales and marketing	-	0
Ni, Shu-Ching	Business management, accounting and financial analysis	-	0
Chen, Fu-Yen	Business management, strategic planning	Please refer to statement of note 2.	0
Tsai, Tyau-Chang	Legal profession, crisis management		0
Lo, Chun-Pa	Business management, accounting and financial analysis (Note 3)		0

Note 1: Directors of the company are not of any conditions defined in Article 30 of the Company Act.

Note 2: (1) Whether the person, the person's spouse, or relatives within the second degree serve as directors, supervisors, or employees of the company or its affiliated companies: none;
(2) The shareholding numbers and proportion by the person, the person's spouse, or relatives within the second degree: 0;
(3) Whether the person serves as a director, a supervisor or an employee of a company with specific relationship to the company: none;
(4) The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in recent two years: 0.

Note 3: Audit committee members with accounting or financial expertise shall state their accounting or financial background and work experience: Please refer to page 11, information of independent directors, for the selected education & experience, and current positions at the company and other companies.

1.2. Diversity and Independence of the Board

(1) Diversity of the board of directors: The diversity policy for the Company's board members is as follows:

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members in consideration of business scale, the shareholdings of major shareholders, and practical operational needs. The composition of the board of directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the company's business operations, operating dynamics, and long-term development needs shall be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. International market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

There are ten directors, three of them are independent directors, for the Company. Each director has his or her own professional background, including business management, leadership decision, industry knowledge, financial accounting, international marketing, etc.

The specific management objectives of the Company's board member diversity policy are that each of the eight abilities that the board of directors shall possess is at least possessed by five directors, and at least four of the eight abilities are possessed by individual board member. The management objective of diversity policy is reached by the Company's current board of directors and all individual board members.

Please refer to page 11 and page 35 note 1 for the information of individual board member and abilities possessed by individual board member of the Company.

(2) Independence of the board of directors: The Company has 3 independent directors, accounting for 3/10 of the board of directors.

The board of directors of the Company meets the following independence criteria:

1. Each director is not a family member of senior management who is employed by the Company or by a subsidiary of the Company
2. Each director is not (and is not affiliated with a Company that is) an adviser or consultant to the Company or a member of the Company's senior management.
3. Each director is not affiliated with a significant supplier of the Company.
4. Each director does not have any personal services contract with the Company or a member of the Company's senior management.
5. Each director is not affiliated with a not-for-profit entity that receives significant contributions from the Company.
6. Each director has not been a partner or employee of the Company's external auditor during the past three years.
7. Each director does not have any other conflict of interest that the board of directors determines to mean he or she cannot be considered independent.
8. The board of directors complies with the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act. Only director Ye, Po-Len and director Ye, Nan-Horng are relatives within the second degree.
9. Each independent director meets the provisions of Article 3, Item 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

2. Information of President and Vice Presidents

April 8, 2023

Title	Nationality	Name	Gender	Date Appointed (Note)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experience	Current Positions at other companies	Managers who are spouse or second-degree relative		
					Total	%	Total	%	Total	%			Title	Name	Relation
CEO	ROC	Chiu, Sun-Chien	Male	1999.07.01	883,831	0.17%	1,384	0.00%	-	-	M.S. in Electrical Engineering, National Taiwan University	Chairman/Director of Realtek Semiconductor Corp. affiliates	-	-	-
Vice CEO & CFO	ROC	Chern, Kuo-Jong	Male	2002.03.28	40,686	0.01%	0	0.00%	-	-	MBA(Master of Business Administration), The City University of New York, USA	Director/Supervisor of Realtek Semiconductor Corp. affiliates			
President	ROC	Yen, Kuang-Yu	Male	2017.10.30	23,948	0.00%	4,000	0.00%	-	-	M.S. in Communications Engineering , National Chiao Tung University	Director of Realtek Semiconductor Corp. affiliates	-	-	-
COO	ROC	Huang, Yung-Fang	Male	2015.04.27	42,205	0.01%	79,625	0.02%	-	-	M.S. in Electrical Engineering, State University of New York, USA	Chairman/Director of Realtek Semiconductor Corp. affiliates	-	-	-
Vice President	ROC	Huang, Yee-Wei	Male	2014.03.24	188,560	0.04%	0	0.00%	-	-	Ph.D. in Chemical Engineering, Kansas State University, USA	Chairman of Realtek Semiconductor Corp. affiliates	-	-	-
Vice President	ROC	Lin, Ying-Hsi	Male	2017.03.13	33,000	0.01%	0	0.00%	-	-	M.S. in Electrical Engineering, National Taiwan University	Director of Realtek Semiconductor Corp. affiliates	-	-	-
Vice President	ROC	Chang, King-Hsiung	Male	2017.03.13	110,267	0.02%	0	0.00%	-	-	B.S in Electronics Engineering, National Chiao Tung University	None	-	-	-
Vice President	ROC	Tsai, Jon-Jinn	Male	2017.10.30	74	0.00%	0	0.00%	-	-	M.S. in Electrical Engineering, National Taiwan University	Chairman of Realtek Semiconductor Corp. affiliates Director of Compal Broadband Networks Inc.	-	-	-
Vice President	ROC	Wang,Po-Chih	Male	2020.07.31	0	0.00%	0	0.00%	-	-	MBA(Master of Business Administration), National Chengchi University	Director of C-Media Electronics Inc.	-	-	-
Vice President	ROC	Chang, Jr-Neng	Male	2007.03.16	35,045	0.01%	0	0.00%	-	-	M.A. in Accounting, National Taiwan University	Director/Supervisor of Realtek Semiconductor Corp. affiliates Director of Greatek Electronics Inc.	-	-	-
Vice President	ROC	Shen, Jia-Ching	Male	2021.07.23	1,234	0.00%	0	0.00%	-	-	Ph.D. in Communications Engineering, National Chiao Tung University	None	-	-	-

Title	Nationality	Name	Gender	Date Appointed (Note)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experience	Current Positions at other companies	Managers who are spouse or second-degree relative		
					Total	%	Total	%	Total	%			Title	Name	Relation
Vice President	ROC	Lee, Shang-Ta	Male	2021.07.23	5,000	0.00%	292	0.00%	-	-	M.E.S. in Computer and Communication Engineering, Queensland University of Technology	None	-	-	-
CISO	ROC	Weng, Chi-Shun	Male	2022.10.28	99	0.00%	0	0.00%	-	-	Ph.D. in Communications Engineering, National Taiwan University	None	-	-	-
Vice President	ROC	Su, Chu-Ting	Male	2023.02.24	6,776	0.00%	0	0.00%	-	-	M.S. in Electrical and Control Engineering, National Chiao Tung University	None	-	-	-

Note: The Date Appointed is the date to be appointed as an officer.

3. Remuneration for Directors and Officers

3.1 Directors' Remuneration

2022 / Unit: NT$K

Title	Name	Director remuneration								Amount of Total Remuneration (A+B+C+D) and Proportion to Net Income (%)		Remuneration from concurrent position as employee								Amount of Total Remuneration (A+B+C+D+E+F+G) and Proportion to Net Income (%)		Remuneration from investee business other than subsidiaries or from parent company
		Base Compensation (A)		Pension (B)		Director Remuneration (C		Business expenses (D)				Salaries, bonuses and special expenses (E) (Note 2)		Pension (F)		Profit distribution for employee compensation (G)						
																REALTEK		Consolidated Entities				
		REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	Cash	Stock	Cash	Stock	REALTEK	Consolidated Entities	
Chairman	United Glory Co., Ltd. Representative: Chiu, Sun-Chien					114,000	114,000	1,008	1,008	115,008 0.71%	115,008 0.71%	220,870	220,870	1,594	1,594	184,330	0	184,330	0	521,802 3.22%	521,802 3.22%	None
Vice Chairman	United Glory Co., Ltd. Representative: Chern, Kuo-Jong																					
Director	Cotek Pharmaceutical Industry Co., Ltd Representative: Yeh, Nan-Horng																					
Director	Sonnen Limited Representative: Yeh, Po-Len																					
Director	Yen, Kuang-Yu																					
Director	Huang, Yung-Fang																					
Director	Ni, Shu-Ching																					
Independent Director	Chen, Fu-Yen	-	-	-	-	6,000	6,000	432	432	6,432 0.04%	6,432 0.04%	0	0	0	0	0	0	0	0	6,432 0.04%	6,432 0.04%	None
Independent Director	Tsai, Tyau-Chang																					
Independent Director	Lo, Chun-Pa																					

Note 1: The relevant compensation of 2,032 thousand dollars for the drivers is not included.

Note 2: In addition to the above remuneration, the remuneration received by the directors of the Company in the recent year for providing services to all companies included in the financial report (such as serving as a non-employee consultant for the parent company / all companies included in the financial report / investee companies, etc.): 0.

Note 3: The Company's independent directors' remuneration includes directors' remuneration and business expenses. Directors' remuneration is determined by remuneration committee with reference to the industry's usual level of payment, and considerations of the performance evaluation results of the board of directors, individual board members, and functional committees, the time spent, and the responsibilities undertaken, etc. After evaluation of the relevance of individual performance and business performance and future risks, a proposal is submitted to the board of directors for discussion and approval.

Remuneration Range

<table>
<tr><th rowspan="3">Remuneration Range</th><th colspan="4">Name of Directors</th></tr>
<tr><th colspan="2">Total remuneration (A+B+C+D)</th><th colspan="2">Total remuneration (A+B+C+D+E+F+G)</th></tr>
<tr><th>REALTEK</th><th>Consolidated Entities</th><th>REALTEK</th><th>Consolidated Entities</th></tr>
<tr><td>Less than $1,000,000</td><td>Chiu, Sun-Chien,
Chern, Kuo-Jong,
Yeh, Nan-Horng,
Yeh, Po-Len</td><td>Chiu, Sun-Chien,
Chern, Kuo-Jong,
Yeh, Nan-Horng,
Yeh, Po-Len</td><td></td><td></td></tr>
<tr><td>$1,000,000 (incl.) - $2,000,000 (excl.)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>$2,000,000 (incl.) - $3,500,000 (excl.)</td><td>Yen, Kuang-Yu,
Huang, Yung-Fang,
Ni, Shu-Ching
Chen, Fu-Yen,
Tsai, Tyau-Chang,
Lo, Chun-Pa</td><td>Yen, Kuang-Yu,
Huang, Yung-Fang,
Ni, Shu-Ching
Chen, Fu-Yen,
Tsai, Tyau-Chang,
Lo, Chun-Pa</td><td>Ni, Shu-Ching,
Chen, Fu-Yen,
Tsai, Tyau-Chang,
Lo, Chun-Pa</td><td>Ni, Shu-Ching,
Chen, Fu-Yen,
Tsai, Tyau-Chang,
Lo, Chun-Pa</td></tr>
<tr><td>$3,500,000 (incl.) - $5,000,000 (excl.)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>$5,000,000 (incl.) - $10,000,000 (excl.)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>$10,000,000 (incl.) - $15,000,000 (excl.)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>$15,000,000 (incl.) - $30,000,000 (excl.)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>$30,000,000 (incl.) - $50,000,000 (excl.)</td><td>United Glory Co., Ltd.
Cotek Pharmaceutical Industry Co., Ltd.
Sonnen Limited</td><td>United Glory Co., Ltd.
Cotek Pharmaceutical Industry Co., Ltd.
Sonnen Limited</td><td>United Glory Co., Ltd.
Cotek Pharmaceutical Industry Co., Ltd.
Sonnen Limited</td><td>United Glory Co., Ltd.
Cotek Pharmaceutical Industry Co., Ltd.
Sonnen Limited</td></tr>
<tr><td>$50,000,000 (incl.) - $100,000,000 (excl.)</td><td></td><td></td><td>Chiu, Sun-Chien,
Chern, Kuo-Jong,
Yeh, Nan-Horng,
Yeh, Po-Len,
Yen, Kuang-Yu,
Huang, Yung-Fang,</td><td>Chiu, Sun-Chien,
Chern, Kuo-Jong,
Yeh, Nan-Horng,
Yeh, Po-Len,
Yen, Kuang-Yu,
Huang, Yung-Fang,</td></tr>
<tr><td>$100,000,000 and above</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td>13</td><td>13</td><td>13</td><td>13</td></tr>
</table>

3.2 Officer's Compensation

2022 / Unit: NT$K

Title	Name	Salary (A)		Pension (B)		Bonuses and special expenses (C) (Note)		Employee compensation (D)				Total Amount of A+B+C+D and Proportion to Net Income (%)		Compensation from investee business other than subsidiaries or from parent company
								REALTEK		Consolidated Entities				
		REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	REALTEK	Consolidated Entities	Cash	Stock	Cash	Stock	REALTEK	Consolidated Entities	
CEO	Chiu, Sun-Chien	62,004	62,004	3,298	3,298	274,592	274,592	241,284	0	241,284	0	581,178 3.59%	581,178 3.59%	None
Vice CEO & CFO	Chern, Kuo-Jong													
President	Yen, Kuang-Yu													
COO	Huang, Yung-Fang													
Vice President	Huang, Yee-Wei													
Vice President	Lin, Ying-Hsi													
Vice President	Chang, King-Hsiung													
Vice President	Tsai, Jon-Jinn													
Vice President	Wang, Po-Chih													
Vice President	Chang, Jr-Neng													
Vice President	Shen, Jia-Ching													
Vice President	Lee, Shang-Ta													
CISO	Weng, Chi-Shun													
Vice President	Su, Chu-Ting													

Note: The relevant compensation of 1,077 thousand dollars for the driver is not included.

Compensation Range

Compensation Range	Name of Officers	
	REALTEK	Consolidated Entities
Less than $1,000,000		
$1,000,000 (incl.) - $2,000,000 (excl.)		
$2,000,000 (incl.) - $3,500,000 (excl.)		
$3,500,000 (incl.) - $5,000,000 (excl.)		
$5,000,000 (incl.) - $10,000,000 (excl.)		
$10,000,000 (incl.) - $15,000,000 (excl.)		
$15,000,000 (incl.) - $30,000,000 (excl.)	Chang, King-Hsiung, Weng, Chi-Shun	Chang, King-Hsiung, Weng, Chi-Shun
$30,000,000 (incl.) - $50,000,000 (excl.)	Lin, Ying-His, Huang, Yee-Wei, Chang, Jr-Neng, Tsai, Jon-Jinn, Su, Chu-Ting, Wang, Po-Chih, Shen, Jia-Ching, Lee, Shang-Ta	Lin, Ying-His, Huang, Yee-Wei, Chang, Jr-Neng, Tsai, Jon-Jinn, Su, Chu-Ting, Wang, Po-Chih, Shen, Jia-Ching, Lee, Shang-Ta
$50,000,000 (incl.) - $100,000,000 (excl.)	Chiu, Sun-Chien, Chern, Kuo-Jong, Yen, Kuang-Yu, Huang, Yung-Fang	Chiu, Sun-Chien, Chern, Kuo-Jong, Yen, Kuang-Yu, Huang, Yung-Fang
$100,000,000 and above		
Total	14	14

3.3 Employee's Compensation for Officers

2022 / Unit: NT$K

Title	Name	Stock	Cash	Total	Percentage of net income after taxes (%)
CEO	Chiu, Sun-Chien	0	241,284	241,284	1.49%
Vice CEO & CFO	Chern, Kuo-Jong				
President	Yen, Kuang-Yu				
COO	Huang, Yung-Fang				
Vice President	Huang, Yee-Wei				
Vice President	Lin, Ying-Hsi				
Vice President	Chang, King-Hsiung				
Vice President	Tsai, Jon-Jinn				
Vice President	Wang, Po-Chih				
Vice President	Chang, Jr-Neng				
Vice President	Shen, Jia-Ching				
Vice President	Lee, Shang-Ta				
CISO	Weng, Chi-Shun				
Vice President	Su, Chu-Ting				

4. Percentage of remuneration and compensation paid to Directors and Officers by the Company and all companies of the consolidated statements accounts for net income after taxes for the recent two years.

Percentage of remuneration and compensation paid to Directors and Officers by the Company and all companies of the consolidated statements accounts for net income after taxes for 2021	Percentage of remuneration and compensation paid to Directors and Officers by the Company and all companies of the consolidated statements accounts for net income after taxes for 2022
3.63%	5.11%

The 2022 annual remuneration of directors and compensation of employees was decided in accordance with the Company's articles of incorporation. If gained profits within a fiscal year, the Company shall allocate at a maximum of 3% of the profits as directors' remuneration, and allocate no less than 1% of the profits as employees' compensation. The decision for directors' remuneration was based on the board performance evaluation results of such aspects as the participation in the operation, the quality of the board of directors' decision-making, alignment of the goals and missions of the Company, awareness of the duties

of a director, management of internal relationship and communication, the director's professionalism and continuing education, internal control, etc. The decision for officers' compensation was based on the performance appraisal indicators such as the length of service and position, performance, contribution to the Company's operation, industry benchmark, the Company's profitability, etc.
The directors' remuneration and officers' compensation were proposed to the board of directors after the resolution based on the performance evaluation results, the company's operational performance, and future risk exposure approved by the remuneration committee, and processed after the approval of the board of directors. The directors' remuneration and employees' compensation will also be reported at the shareholders' meeting. The Company's remuneration committee and the board of directors will review the remuneration policies of directors and officers in a timely manner based on the actual operating conditions and relevant laws and regulations, in order to balance the Company's sustainable operation and risk control.

5. The planning and operation of the succession of board members and senior management:

5.1 Succession planning for board members

There are currently 10 directors (including 3 independent directors) for the Company. The nomination and selection of directors take into account the overall capacity and diversity of the board of directors, and adjust the composition of members according to the results of performance evaluation and the need for substantive operations. The succession planning of the board of directors includes the succession of the senior management of the group, and the recruitment of external professionals with background of business management, law, accounting, industry, technology, or marketing.

5.2 Succession planning for senior management

The succession planning for senior management of the Company is mainly constructed as follows:

(1) Based on the future development strategy, define the positions and talent needs of the company, and review the succession planning regularly in response to changes in operations and strategies.
(2) Develop competent talents with potential and capacities to enter the succession planning talent pool, and establish a comprehensive training mechanism and talent development plan for the talent pool.
(3) Timely promote the mid-level managers as deputies for the high-level managers, and understand the development of the middle-level management through performance appraisal and as a reference for succession planning.

III. Corporate Governance

1. Operation of Board of Directors

Operation of Board of Directors:

Current member's term of office: August 9, 2021 to August 8, 2024

The Board of Directors held meetings 5 times in 2022. Attendance status of Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
Chairman	United Glory Co., Ltd. Representative: Chiu, Sun-Chien	5	0	100%	-
Vice Chairman	United Glory Co., Ltd. Representative: Chern, Kuo-Jong	5	0	100%	-
Director	Cotek Pharmaceutical Industry Co., Ltd. Representative: Yeh, Nan-Horng	5	0	100%	-
Director	Sonnen Limited Representative: Yeh, Po-Len	5	0	100%	-
Director	Yen, Kuang-Yu	5	0	100%	-
Director	Huang, Yung-Fang	5	0	100%	-
Director	Ni, Shu-Ching	5	0	100%	-
Independent Director	Chen, Fu-Yen	5	0	100%	-
Independent Director	Tsai, Tyau-Chang	5	0	100%	-
Independent Director	Lo, Chun-Pa	5	0	100%	-

Other disclosures:

1.1

(1) Securities and Exchange Act §14-3 resolutions: Not applicable.

(2) Resolutions of the board of directors with objected or reserved opinions by independent directors and with records or written statements: Not applicable.

1.2 Execution of the directors' interests evasion: The directors have avoided the proposal with personal stake.

1.3 The goals for strengthening the powers of the board of directors and performance evaluation:

(1) Set up functions committees: For the purpose of developing supervisory functions and strengthening management mechanisms, the Company has set up audit committee, remuneration committee, and nominating committee.

(2) Enhance corporate governance: The Company has established corporate governance best practice principles, risk management policy, and regulations governing the board performance evaluation, and also discloses corporation governance information in accordance with the relevant laws.

2. Board of Directors performance evaluation
   2.1 Evaluation cycles: Conducting an internal board performance evaluation every year
   2.2 Evaluation periods: From Jan. 1, 2022 to Dec. 31, 2022
   2.3 Scope and method of evaluation: The performance evaluation of the board as a whole, individual board members and functional committees, including audit committee, remuneration committee, and nominating committee.
   2.4 Method of evaluation: The internal evaluation of the board, self-evaluation by individual board members, and the internal evaluation of audit committee, remuneration committee, and nominating committee. The units conducting evaluations is nominating committee.
   2.5 Criteria of evaluation:
      2.5.1 The board of directors performance evaluation
         (1) Participation in the operation of the company;
         (2) Improvement of the quality of the board of directors' decision making;
         (3) Composition and structure of the board of directors;
         (4) Election and continuing education of the directors;
         (5) Internal control.
      2.5.2 The board members performance evaluation
         (1) Alignment of the goals and missions of the company;
         (2) Awareness of the duties of a director;
         (3) Participation in the operation of the company;
         (4) Management of internal relationship and communication;
         (5) The director's professionalism and continuing education;
         (6) Internal control.
      2.5.3 Functional committee’s performance evaluation
         (1) Participation in the operation of the company;
         (2) Awareness of the duties of the functional committee;
         (3) Improvement of quality of decisions made by the functional committee;
         (4) Makeup of the functional committee and election of its members;
         (5) Internal control.
   2.6 Performance evaluation results: The 2022 performance evaluation results of the board, the board members, audit committee, remuneration committee, and nominating committee are all ‘outstanding’, and have been reported to the board of directors on February 24, 2023. The results of the performance evaluation will be used as a reference for the remuneration of individual directors or functional committee members and the nomination of continuation in office.

3. Operation of Audit Committee

The Audit Committee assists the Board of Directors in performing its supervision functions. It is also responsible for tasks defined by the Company Act, Securities and Exchange Act and other relevant regulations. The operation of Audit Committee is based on the Audit Committee Charter. The Audit Committee shall convene at least once quarterly. 5 meetings were held in 2022. It also maintains good communication channels with the Company’s internal audit manager and the CPA.

The major annual review matters of Audit Committee were as follows:
(1) Financial statements.
(2) Internal control system.
(3) Material transaction of asset acquisition, intercompany loans, and endorsement and guarantee.
(4) The audit plan and implementation of the internal audit unit.
(5) Appointment, remuneration and independence assessment of the CPA.
(6) Revising principles and regulations related to corporate governance and corporate social responsibility.
.

Operation of Audit Committee

Current member's term of office: August 9, 2021 to August 8, 2024

The Audit Committee held meetings 5 times in 2022. Attendance status of Independent Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
Independent Director	Chen, Fu-Yen	5	0	100%	
Independent Director	Tsai, Tyau-Chang	5	0	100%	
Independent Director	Lo, Chun-Pa	5	0	100%	

Other disclosures:

3.1 (1) Securities and Exchange Act §14-5 resolutions

Date	Resolutions	The Opinions of All Independent Directors and the Company's Actions to the Opinions
Mar. 16, 2022	1. 2021 Parent company only financial statements and consolidated financial statements. 2. To increase capital from employees' compensation for 2021. 3. The Company intends to endorse the guarantee for a subsidiary. 4. Fund loans between subsidiaries of the Company. 5. The Company's Auditor of financial statements and Audit Fee for 2022. 6. 2021 Statement of Internal Control System.	All independent directors approved
Apr. 20, 2022	1. Distribution of 2021 Retained Earnings. 2. 2021 cash dividends distribution from retained earnings. 3. Cash distribution from capital surplus. 4. To revise the Procedures for Acquisition or Disposal of Assets. 5. 2021 business report and 2022 business plan. 6. The Company intends to loan funds to subsidiaries. 7. Fund loans between subsidiaries of the Company.	
Jul. 27, 2022	1. 2022 Q2 consolidated financial statements. 2. The Company intends to loan funds to subsidiaries. 3. Fund loans between subsidiaries of the Company.	
Aug. 29, 2022	1. To adjust the group's organizational structure. 2. Early termination of fund loans between subsidiaries of the Company.	
Oct. 26, 2022	1. The Company intends to loan funds to subsidiaries. 2. A subsidiary's cash distribution from capital surplus. 3. Early termination of the Company's endorsement and guarantee for a subsidiary. . 4. The Status that the Company regularly evaluates the independence of auditor. 5. 2023 annual audit plans. 6. To revise the Regulation of Insider Trading. 7. To revise the Procedures for Handling Material Inside Information. 8. The Company's "Corporate Social Responsibility Best Practice Principles" was revised to "Sustainable	

Date	Resolutions	The Opinions of All Independent Directors and the Company’s Actions to the Opinions
	Development Best Practice Principles".	

(2) There was no resolution that was not approved by the Audit Committee but was approved by two thirds or more of all Directors.

3.2 Execution of the independent directors' interests evasion: None.

3.3 The communication between the independent directors and the internal audit manager and the CPA:

The Company’s independent directors communicate with the CPA by the way of meetings, discussions, telephone calls or e-mails through the audit committee or separately to discuss the review results of the financial statements and related laws and regulations such as accounting, taxation, and securities management. If major issues occur, a meeting can be convened at any time.

The Company’s independent directors communicate with the internal audit manager by the way of meetings, discussions, telephone calls or e-mails through the audit committee or separately to discuss the company's audit-related works, audit reports, and the condition of discovering problems and tracking improvements. If major issues occur, a meeting can be convened at any time.

(1) The major items of communication between the independent directors and the CPA

Date	The Major Items of the Communication	The suggestions of independent directors and the Company's action to the suggestions
Mar. 16, 2022 (separate meeting)	The consolidated financial statement and independent auditor's report result for 2021 and Important audit events.	No suggestion from independent directors
Apr. 20, 2022 (separate meeting)	The consolidated financial statement and independent auditor's report result for the first quarter of 2022 and Important review events.	No suggestion from independent directors
Jul. 27, 2022 (separate meeting)	The consolidated financial statement and independent auditor's report result for the second quarter of 2022 and Important review events.	No suggestion from independent directors
Oct. 26, 2022 (separate meeting)	The consolidated financial statement and independent auditor's report result for the third quarter of 2022 and Important review events.	No suggestion from independent directors

(2) The major items of communication between the independent directors and the internal audit manager

Date	The Major Items of the Communication	The suggestions of independent directors and the Company's action to the suggestions
Mar. 16, 2022 (separate meeting)	Implementation of the audit plan for the fourth quarter of 2021	No suggestion from independent directors
Apr. 20, 2022 (separate meeting)	Implementation of the audit plan for the first quarter of 2022	No suggestion from independent directors
Jul. 27, 2022 (separate meeting)	Implementation of the audit plan for the second quarter of 2022	No suggestion from independent directors
Oct. 26, 2022 (separate meeting)	Implementation of the audit plan for the third quarter of 2022	No suggestion from independent directors

4. The state of the company's implementation of corporate governance, and deviation of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company established and disclosed the corporate governance best practice principles based on 'Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies,' with a dedicated 'Corporate Governance' section on the Company's website for all investors to inquire the Company's corporate governance regulations.	-
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The Company has set up an investor relations team and appointed a professional stock transfer agency to handle matters such as shareholder suggestions or doubts.	-
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company regularly collects the shareholdings of directors and officers.	-
(3) Does the Company establish and implement the risk management and firewall system between it and its affiliated companies?	V		To ensure sound financial and business interactions between the Company and its affiliates and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between the Company and its affiliates, the Company has established Rules Governing Financial and Business Matters Between the Company and its Related Parties and the Rules have been approved by the Board of Directors. The Rules not only include the management procedures for the purchase and sale of goods, the acquisition and disposal of assets, but also stipulate that all significant transactions of this nature shall be submitted to the board of directors for approval before being carried out. The actual transaction shall be reported in the most recent shareholders' meeting after the end of a fiscal year.	-

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		The Company has established Regulation of Insider Trading and conducted education & promotion on Regulation of Insider Trading and related regulations for current directors, officers and all employees at least once per year. The education & promotion for newly elected directors and appointed officers shall be arranged within 3 months of taking office. The education & promotion for new employees shall be arranged by HR division during their education training. In 2022, relevant education & promotion for current directors, officers and all employees was conducted from January 4 to December 30. The total education training hours of regulation of insider trading for 2022 were 57.17 hours with a total of 686 participants in relevant courses . The training content includes the confidentiality of material information, and the prohibition of using undisclosed information to engage in insider trading or disclosing it to others, so as to prevent others from using such undisclosed information to engage in insider trading. The course briefings and audio-visual files are placed in the Company's internal system to provide new employees with relevant education training. On October 28, 2022, the board of directors of the Company approved the amendment to Regulation of Insider Trading. Directors shall not trade the Company's shares during the blackout period of 30 days prior to the announcement of the annual financial reports and 15 days prior to the announcement of the quarterly financial reports. The Company notified the directors on November 30, 2022 of the meeting dates for 2023 board of directors, and the blackout period prior to the announcement of the annual and quarterly financial reports, so as to avoid the directors from accidentally violating the regulations. Subsequent notifications about the blackout period prior to the announcement of the annual and quarterly financial reports will be provided regularly to the directors.	-
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board formulate diversity policies, specific	V		The diversity policy for the Company's board members is	-

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
management objectives and implement it accordingly?			as follows: The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members in consideration of business scale, the shareholdings of major shareholders, and practical operational needs. The composition of the board of directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the company's business operations, operating dynamics, and long-term development needs shall be formulated and include, without being limited to, the following two general standards: 1. Basic requirements and values: gender, age, nationality, and culture. 2. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. International market perspective. 7. Ability to lead. 8. Ability to make policy decisions. There are ten directors, three of them are independent directors, for the Company. Each director has his or her own professional background, including business management, leadership decision, industry knowledge, financial accounting, international marketing, etc. The specific management objectives of the Company's board member diversity policy are that each of the eight abilities that the board of directors shall possess is at least possessed by five directors, and at least four of the eight	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
			abilities are possessed by individual board member. The management objective of diversity policy is reached by the Company's current board of directors and all individual board members. The abilities possessed by individual board members of the Company is as note1.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		The Company has set up nominating committee. Please refer to the operation of nominating committee section disclosed in annual report or the Company's website.	-
(3) Does the Company establish regulations governing the board performance evaluation and its evaluation method, regularly conduct performance evaluation every year, submit the results of performance evaluation to the board of directors, and base the determination of remuneration, the election or nomination of an individual director on the evaluation results?	V		The Company has established regulations governing the board performance evaluation and its evaluation method, regularly conducts performance evaluation every year, and submits the results of performance evaluation to the board of directors. The 2022 performance evaluation results of the board, the board members, audit committee, remuneration committee and nominating committee are all "outstanding", and have been reported to the board of directors on February 24, 2023. The results of the performance evaluation will be used as a reference for the remuneration of individual directors or functional committee members and the nomination of continuation in office. Please refer to Board of Directors performance evaluation section disclosed in annual report or the Company's website.	-
(4) Does the Company regularly evaluate the independence of accountants?	V		The audit committee and the board of directors of the Company evaluate the independence and suitability of the certified public accountants each year. In addition to requiring certified public accountants to provide "statement of independence" and "audit quality indicators (AQIs)", they also they also evaluate according to the five dimensions and 13 indicators of audit quality indicators. It is confirmed that the accountant has no other financial interests and business relationships with the Company except for the fees for certification and tax cases, and the family members of the accountant also do not violate the requirements of independence. In addition, refer to the AQI indicator information, it is confirmed that the accountant and the firm meet the standards in terms of audit experience and training hours. The certified public accountant has no	-

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
			disciplinary records by the CPA Disciplinary Committee in the past two years. The evaluation results, after approved by the Audit Committee on February 23, 2023, were submitted to and approved by the Board of Directors on February 24, 2023 of the resolution on the evaluation of the independence and suitability of the accountants.	
4. Does the Company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer to be in charge of corporate governance affairs. (including but not limited to providing data demanded by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)?	V		The Company, approved by the board of directors, has appointed a chief corporate governance officer to be in charge of corporate governance affairs. The main duties include handling of matters relating to board of directors meetings and shareholders meetings in compliance with law, preparation of minutes of the board of directors meetings and shareholders meetings, assistance in onboarding and continuing education of the directors, provision of information required for performance of duties by the directors, assistance in the directors' compliance of law. The performance of duties for 2022 was as following: 1. Assisted independent directors and directors in performing their duties, provided required information, and arranged directors' further education: (1) Provided onboard directors revision and development of the latest laws and regulations regarding company management field and corporate governance, and updated them regularly. (2) Reviewed the confidential level of relevant information and provided the company information required by the directors, maintained smooth communication between the directors and officers. (3) Assisted in arranging relevant meetings when, in accordance with the corporate governance best-practice principles, independent directors needed to meet with the internal audit supervisor or accountants individually to understand the company's finance and business. (4) Assisted independent directors and directors to formulate annual training plans and arrange courses based on the company's industrial characteristics and directors' academic and professional experience background. 2. Assisted that the procedures and resolutions of board of	-

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
			directors meetings and shareholders meetings were in compliance with laws: (1) Confirmed whether the convening of the company's shareholders meetings and board of directors meetings were in compliance with relevant laws and corporate governance best-practice principles. (2) Assisted and reminded the directors of the laws and regulations to be followed when performing duties or making a formal resolution of the board of directors, and made suggestions when the board of directors will make a resolution in violation of the laws. (3) Checked the release of material information on important resolutions of the board of directors after the meetings, and ensured the legality and correctness of the content of the material information for the transaction information equality of investors. 3. Informed directors of the agenda for board of directors seven days before the meeting, convened a meeting and provided meeting materials, reminded directors to recuse if there is a conflict of interest in the agenda items in advance, and completed the minutes of the board of directors meetings within 20 days after the meetings. 4. Registered the date of the shareholders meeting in advance in accordance with the law, prepared meeting notices, handbook, meeting minutes within the statutory deadlines, and handled registration of change matters in the revised articles of incorporation or director election. Training situation: Professional training is arranged in accordance with the requirements of “Operation directions for compliance with the establishment of board of directors by TWSE listed companies and the board's exercise of powers”. Please refer to note 2.	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employee and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a stakeholder section on our website with a dedicated email for stakeholder communication and contact. Any question, suggestion, or voice regarding issues of corporate social responsibilities can be channeled through this mailbox for open and effective communication.	-
6. Does the Company appoint a professional shareholder transfer agency to deal with shareholder affairs?	V		The Company appoints Chinatrust Commercial Bank Transfer Agency to deal with shareholder affairs.	-
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose the financial, business, and corporate governance information?	V		The financial, business and corporate governance information has been disclosed on the Company's website. Investors can also access the Company's material information through the market observation post system.	-
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, implementing a spokesman system, webcasting investor conferences)?	V		The Company has set up an English website, and has a spokesman for external communication and designated personnel to disclose information about the Company and the institutional investor conferences at market observation post system in accordance with the statutory requirements.	-
(3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		The Company announced and reported the 2022 annual financial statements within two months after the end of the fiscal year, and announced and reported quarterly financial statements as well as the operating status of each month before the prescribed deadline.	-
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. The Company provides information on relevant regulations that directors should pay attention to at any time. 2. The directors of the Company attended the board of directors in good condition and all met the requirements of the laws. 3. If the proposal has a stake in the directors, the director is required to evade. 4. The Company has purchased the liability insurance for directors which was approved by the board of directors. 5. The Company protects the legitimate rights and interests of employees in accordance with the provisions of Labor Standards Act, and establishes a good relationship of mutual trust with employees through the welfare system	-

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
			enhancing the stability of employees' lives, and completed educational trainings.	

9. Please describe the improvement status according to the result of cooperate governance evaluation announced by cooperate governance center of TWSE, and the first priority improving items and measures on non-improving items.
   The evaluation ranking of the Company's 2021 and 2022 corporate governance evaluations are both 6% to 20%. The Company plans to keep strengthening the board structure, improving information transparency, and implementing corporate social responsibility.

Note1: The abilities possessed by individual board members of the Company

Directors	Gender	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	International market perspective	Ability to lead	Ability to make policy decisions
Chiu, Sun-Chien	Male	v	v	v	v	v	v	v	v
Chern, Kuo-Jong	Male	v	v	v	v	v	v	v	v
Yeh, Nan-Horng	Male	v	v	v	v	v	v	v	v
Yeh, Po-Len	Male	v	v	v	v	v	v	v	v
Yen, Kuang-Yu	Male	v		v	v	v	v	v	v
Huang, Yung-Fang	Male	v		v	v	v	v		v
Ni, Shu-Ching	Female	v	v		v		v	v	v
Chen, Fu-Yen	Male	v	v	v	v		v	v	v
Tsai, Tyau-Chang	Male	v		v	v		v	v	v
Lo, Chun-Pa	Male	v	v	v		v	v	v	v

Note 2: Professional training of corporate governance officer

Organization	Course	Course Date	Training Hours
Securities & Futures Institute	The Future Development of Metaverse and Cryptocurrency Blockchains	2022/07/07	3
Securities & Futures Institute	2022 Prevention of Insider Trading Promotion Conference	2022/10/14	3
Securities & Futures Institute	Talking about corporate tax governance and tax technology solutions from the perspective of ESG trends and the epidemic environment	2022/12/20	3
Securities & Futures Institute	How should directors and supervisors supervise business risk management and crisis management	2022/12/21	3

5. Members Background and Operation of Remuneration Committee:

5.1. Members Background of the Remuneration Committee

Criteria Title / Name		Professional qualifications and experience	Independent Status	Number of other public companies concurrently serving as an independent director
Independent Director (convener)	Tsai, Tyau-Chang	Legal profession, crisis management Working experience: 44 years	Please refer to statement of note	0
Independent Director (member)	Chen, Fu-Yen	Business management, strategic planning Working experience: 40 years		0
Independent Director (member)	Lo, Chun-Pa	Business management, accounting and financial analysis Working experience: 27 years		0

Note : (1) Whether the person, the person's spouse, or relatives within the second degree serve as directors, supervisors, or employees of the company or its affiliated companies: none;
(2) The shareholding numbers and proportion by the person, the person's spouse, or relatives within the second degree: 0;
(3) Whether the person serves as a director, a supervisor or an employee of a company with specific relationship to the company: none;
(4) The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in recent two years: 0.

5.2. Operation of Remuneration Committee status

1. There are 3 members of the Remuneration Committee.
2. Current member's term of office: August 9, 2021 to August 8, 2024

The Remuneration Committee held meetings 2 times in 2022. Attendance status of members is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
Convener	Tsai, Tyau-Chang	2	0	100%	
Member	Chen, Fu-Yen	2	0	100%	
Member	Lo, Chun-Pa	2	0	100%	

Other disclosures:

1. If advice of the Remuneration Committee was not adopted or modified by the Board of Directors, the meeting date, period, content of proposals, meeting resolution, and the Company's action to the advices of the Remuneration Committee should be disclosed: None
2. If resolutions of the Remuneration Committee were objected or reserved with records or written statements by any member, the meeting date, period, content of proposals, opinions of all members, and action to the member's opinions should be disclosed: None
3. The discussion item and resolution results of the Remuneration Committee, and the Company's action to the advices of the Remuneration Committee:

Date	Content of proposals	Resolution results	The Company's action to the advices of the Remuneration Committee
Mar. 16, 2022	1. Distribution of 2021 directors' remuneration and officers' compensation. 2. Subsequent ratification of 2021 officers' salary adjustments. 3. 2022 officers' salary adjustments.	Approved by all members of the committee.	Processed as the resolution results of the remuneration committee.
Oct. 26, 2022	1. Approve 2022 year-end bonus for officers.	Approved by all members of the committee.	Processed as the resolution results of the remuneration committee.

6. **Operation of Nominating Committee**

1. The Company established a Nominating Committee in October 2019. The qualifications for the selection of the nomination committee member are possessing professional capabilities in business management, strategic planning, accounting and financial analysis as a whole, and are capable to contribute to the operation and decision-making of the committee. The committee is composed of three independent directors. The convener and chairman of the meeting, Chen, Fu-Yen, has the abilities of business management and strategic planning. The independent director, Tsai, Tyau-Chang, has the abilities of legal profession and crisis management. The independent director, Lo, Chun-Pa, has the abilities of business management and accounting and financial analysis. All of which meet the professional abilities required by the committee.

The major duties of the nominating committee are as follows:

(1) Developing the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board, and finding, reviewing, and nominating candidates for directors based on such standards.

(2) Establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board, each director, and each committee.

(3) Establishing and reviewing on a regular basis programs for the succession plans of directors and senior executives.

2. There are 3 members of the Nominating Committee.
3. Current member's term of office: August 9, 2021 to August 8, 2024

The Nominating Committee held meetings 2 times in 2022. Professional qualifications and experience, and attendance status of members are as follows:

Title	Name	Professional qualifications and experience	Attendance in Person	Attendance by Proxy	Attendance Rate (%)
Convener	Chen, Fu-Yen	Business management, strategic planning	2	0	100%
Member	Tsai, Tyau-Chang	Legal profession, crisis management	2	0	100%
Member	Lo, Chun-Pa	Business management, accounting and financial analysis	2	0	100%

4. The discussion items and resolution results of the Nominating Committee:

Date	Content of proposals	Resolution results	The Company's action to the resolutions of the nominating committee
Mar. 16, 2022	1.2021 Board and functional committees performance evaluation results.	Approved by all members of the committee.	Processed as the resolution results of the nominating committee.
Oct. 26, 2022	1. Conduct 2022 performance evaluation of the board of directors and functional committees.	Approved by all members of the committee.	Processed as the resolution result of the nominating committee.

Note: No Nomination Committee members have any suggestions or objections

7. **Promotion of Sustainable Development, Status, and Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons**

Assessment Item	Implementation Status			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies' and Reasons
	Yes	No	Summary	
1. Has the company established a governance structure to promote sustainable development and set up full-time (part-time) units to promote sustainable development, and has the board authorized senior management to execute under the board's supervision?	✓		The company has the Board of Directors as the highest level of governance. The ESG Center is established under the President's Office with representatives from each department serving as the ESG committee members. Since 1997, it has been promoting various key ESG topics such as corporate governance, R&D innovation, environmental responsibility, human resources and social care, while reporting the progress to the board at least once a year. Five topics were reported to the board in October 2022, including (1) the effectiveness of corporate social responsibility implementation, (2) status of stakeholder communication, (3) status of climate-related financial disclosure (TCFD) projects, (4) promotion and implementation of risk management, (5) promotion and implementation of integrity management. We will continue to work diligently towards accomplishing our six main goals and commitments, and refining the company's ESG comprehensive development strategy: (1) adhering to sustainable goals and the spirit of integrity, (2) implementing Green Energy Policy and Environmental	-

			Responsibility, (3) sustainable talent development and safe workplace, (4) partnership, service and quality, (5) innovative R&D to yield a rich and convenient world, (6) warming the hearts of people	
2. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The company implements corporate governance obligations, maintains sustainable business goals, and controls the internal and external economic, social and environmental risks that the company's operations may face. Among the three risk areas, the environmental risk disclosure covers only Hsinchu operations, while the scope of economic and social risk disclosure also includes our offices in Dazhi, and Southern Taiwan Science Park. All departments should clearly identify the relevant risks that may affect the operation or sustainable development of the enterprise according to their authorities and responsibilities. Further, they are required to monitor potential risks and do preventive measures to strengthen risk management, improve systemic resilience, and achieve the goal of risk control, thereby safeguarding shareholders' rights and interests, enhancing competitiveness, and laying the foundation for the sustainable operation and development of the company.	-
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the	✓		In 2006, the company passed ISO14001 Environmental Management Systems verification, and in addition completed the	-

characteristics of its industries?			ISO14001:2015 revision verification in October 2020. We continue to march towards accomplishing both the systemization of environmental management, and the realization of environmental sustainability.	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?	✓		The Company has environmental and energy policies, including compliance with environmental laws and regulations, active resource management to achieve effective utilization, strengthening pollution prevention, promotion of education and training, and continuous improvement plans. The Company also continuously invests in R&D to develop a variety of low-power products to reduce the impact on the environment.	-
(3) Does the Company monitor the impact of climate change on present and future operations and evaluate related opportunities? Does it establish measures to respond to climate change related impacts?	✓		The company refers to the four core elements of governance, strategy, risk management, as well as indicators and targets in the "Task Force on Climate-Related Financial Disclosures" (TCFD) framework to identify the potential risks and opportunities brought about by climate change, and comprehensively examine the possible impact of climate change on Realtek's business operations to formulate and implement countermeasures due to climate change, so that various impacts of climate change can be effectively monitored, controlled and quickly responded to. Relevant assessment results and countermeasures taken will be published in the current year's ESG report.	-

(4) Does the Company take inventories of greenhouse gas emissions, water use, and waste volume during the past two years? Does it adopt guidelines to conserve energy and reduce carbon and greenhouse gases emissions, water use, and waste generation?	✓		The company attaches great importance to the sustainable development of the environment and ecology. Self-check and annual disclosure on greenhouse gas discharge have been done since 2019. In terms of management policies, Realtek actively checks the energy consumption data of the factory area, focusing on electricity, air conditioning, air compressors, and the IT room, in order to carry out an evaluation, and propose relevant optimization management plans. Various measures have been taken, such as replacing old electrical fixtures and fittings with new energy-saving models, the greater utilization of LED lighting, and recycling rainwater for reuse. In 2021 and 2022, 1.848 million kWh and 2.812 million kWh of electricity were saved respectively. 24,921.21 metric tons and 26,462.88 metric tons were generated in 2021 and 2022, respectively, per Greenhouse Gas internal check. Water usage was 50.64 and 42.86 liters, respectively, in 2021 and 2022. The total industrial waste produced was 37.9 and 31.87 metric tons in 2021 and 2022, respectively.	-
4. Social Issues (1) Does the Company comply with relevant laws and regulations and the International Bill of Human Rights? Does it adopt relevant management policies	✓		The Company abides by labor-related laws and regulations in each location, protects the legitimate rights and interests of employees, and follows the spirit and basic principles of	-

and processes?			human rights protection announced in the International Bill of Human Rights, the International Labor Organization - Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and other international human rights conventions to formulate Realtek's human rights policies and related practices so as to enhance human rights awareness and create an environment that respects human rights, while promoting it both in staff training courses, and executive staff seminars.	
(2) Does the Company establish and implement appropriate remuneration mechanisms (including wages, vacation, and other benefits) and reflect the corporate business performance or achievements in the employee remuneration policy?	✓		The Company establishes and implements appropriate employee welfare measures, including employee compensation, workplace diversity and equality, vacation system, various allowances, gifts and subsidies, as well as appropriate wage and remuneration, so that employees can share the Company's operational achievements.	-
(3) Does the Company provide safe and healthful work environments for employees, and does it organize training on safety and health for employees on a regular basis?	✓		The Company provides employees with a safe and healthy working environment, inspects the working environment twice a year according to the law, conducts regular employee health inspections and emergency response fire drills every year, and obtained the ISO45001 Occupational Safety and Health System in 2020. There were no occupational accidents in 2022.	-
(4) Does the Company establish effective training programs to foster employees' career skills?	✓		Through the 'Realtek Enterprise University', comprising six college courses (Newcomer	-

			Speed College, R&D Innovation College, Management Leadership College, Experiential Cognition College, Learning Organization College, Corporate Internship Creativity College), the Company integrates organizational competitiveness and sustainable development goals, and effectively links the development of employees' functions, assisting all colleagues in professional learning that takes into account both breadth and depth according to career development. The relevant employee training plans and implementation are also disclosed in the current-year's ESG report.	
(5) Does the Company follow the laws and regulations of the government and international guidelines in relation to customer health, safety, and privacy, as well as sales and labeling of its products and services? Does the Company establish policies to protect consumer rights and interests and provide a clear and effective procedure for accepting consumer complaints?	✓		The Company follows the laws and regulations of the government and international guidelines in relation to customer health, safety, and privacy, as well as sales and labeling of its products and services, in order to protect the rights and interests of consumers.	-
(6) Does the Company establish policies to assess whether suppliers adhere to environmental, occupational health and safety, and labor rights laws and regulations, then follow up on implementation status?	✓		The Company establishes policies that require suppliers to adhere to environmental, occupational health and safety, and labor rights laws and regulations.	-
5. Does the Company adopt internationally recognized standards or guidelines when producing corporate social responsibility reports and other related reports to disclose the status of implementing non-finance related policies? Does the Company obtain a third-	✓		Realtek publishes Sustainability /Corporate Social Responsibility reports in accordance with GRI standards to disclose business performance, corporate governance, stakeholder negotiation, social participation,	-

party assurance or verification for the reports to enhance the reliability of the information in the reports?			environmental protection, friendly workplaces, and employee care. The 2022 Realtek Corporate Social Report has passed the external verification by TUV NORD Taiwan Co., Ltd., confirming that it complies with the core options of GRI Standards and AA1000 AS (2008) Moderate Assurance (Type I).	

6. If the company has established its Sustainable Development Code of Practice according to 'Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,' please describe the operational status and differences:

Realtek establishes its Sustainable Development Code of Practice in accordance with the 'Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies'. Its operations is consistent with the spirit and principles of the Sustainable Development Code of Practice.

7. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility:

The Company actively participates in social welfare activities and actions, through sponsorships, donations to educational funds and training, the hiring of people with disabilities, and other deeds.

8. Company Climate Related Information

1. Implementation of climate-related information

Item	Implementation Status
1. Describe board and management oversight and governance of climate-related risks and opportunities.	Realtek's sustainable organizational structure has the Board of Directors as the highest guidance body, and the President's office as the highest management level, responsible for supervising the progress of ESG (Environmental, Social, and Governance) for each major theme.
2. Describe how the identified climate risks and opportunities affect the corporate business, strategy, and finances (short, medium, and long term).	The main financial impacts of climate risks and opportunities are the increase in air-conditioning costs, the transformation costs of upstream suppliers, the cost of adding solar power generation facilities, and the management and communication costs of sustainable issues. Regarding the short-, medium-, and long-term financial impacts caused by various climate issues, they are all less than 1% of net revenue upon quantitative assessment.
3. Describe the financial impact of extreme climate events and transitional actions.	Regarding the short-, medium-, and long-term financial impacts caused by various climate issues, they are all less than 1% of net revenue upon quantitative assessment.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Realtek's risk management scope includes risks pertaining to strategic planning, operational management, financial operations, and hazardous events. We also incorporate risks related to climate change, refer to ERM (Enterprise Risk Management) procedures, and through risk identification, risk measurement, risk monitoring, risk response, risk reporting and disclosure and other management procedures to ensure the continuous operation of Realtek and reduce the possible impact of risks.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors adopted, and major financial impacts should be explained.	According to the sixth scientific assessment report (AR6) of the United Nations Intergovernmental Panel on Climate Change (IPCC), Realtek uses the Shared Social-Economic Pathways (SSP) and adopts SSP1-1.9, SSP2-4.5 and SSP5-8.5 to analyze three climate scenarios. In the short-term, medium-term and long-term time boundaries, under the ideal scenario where the temperature rise is controlled at 1.5°C, it is estimated that the main financial impact of climate change on Realtek will be less than 1% of net revenue.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transition risks.	In response to climate-related risks, Realtek has actively planned for energy transformation. It plans to build a green power project with 10% of the contracted capacity within five years. It will install solar panels on the roofs of each office in Hsinchu Headquarters, adopting the mechanism of self-generation and self-use of electricity. The electricity obtained from the solar energy conversion is for the daily use of the office area. It is expected to create 1,149 kW of green energy in 2025, which can generate about 1,323,600 kWh of green electricity per year, equivalent to reducing carbon emissions of about 673.74 tCO2e.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not applicable.

8. If climate-related goals are set, the activities covered, scope of greenhouse gas emissions, planing schedule, annual progress and other information should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be offset or the number of renewable energy certificates (RECs) should be stated.	Realtek has committed to achieving the major goal of net zero carbon emissions by 2050. It plans to meet the goal by reducing total carbon emissions through various energy-saving and carbon-reduction measures such as the continuous development of low-carbon products, improvement of equipment energy efficiency, construction and certification of office buildings in accordance with green building standards, increased use of renewable energy, and implementation of MBO (Management by Objective) for supply chain carbon reduction. Net Zero Target and Schedule: • By 2030, reduce Scope 1 and Scope 2 carbon emissions of greenhouse gases by 50% compared with the base year of 2021. • By 2030, achieve 25% renewable energy usage. • By 2050, achieve net zero emissions. In addition, Realtek is actively deploying the green power project for energy transformation, and will install solar panels on the roof of its office building. It is expected to accumulate 1,323 self-generated Renewable Energy Certificates (RECs) by 2025.
9. Greenhouse Gas Inventory and Confirmation Status	Realtek has been certified by the British Standards Institution (an impartial third-party organization), who confirmed that the Scope 1 and Scope 2 carbon emission data generated by its parent company in 2021 are of a reasonable assurance level. Please refer to pages 51-52 of the annual report for the greenhouse gas inventory and confirmation.

2. Greenhouse Gas Inventory and Confirmation Status

Basic Company Information	Minimal disclosure according to the regulations of the Sustainable Development Roadmap of listed companies
☐ Companies with over 10 billion NTD in capital, the iron and steel industry, and the cement industry ■ Companies with between 5 billion and 10 billion NTD in capital ☐ Companies with less than 5 billion NTD in capital	■ Parent company individual check ■ Parent company individual certified ☐ Consolidated financial report subsidiaries check ☐ Consolidated financial report subsidiaries certified

Scope 1	Total Emissions (tCO_2e)	Density (tCO_2e/M NTD) (Note 2)	Certifying Institute	Certification Statement (Note)
Parent Company	662.073	0.006275	BSI	The Greenhouse Gas Emissions with Realtek Semiconductor Corporation for the period from 2021-01-01 to 2021-12-31 was verified, the direct greenhouse gas emissions 662.073 tonnes of CO_2 equivalent. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.

Scope 2	Total Emissions (tCO_2e)	Density (tCO_2e/M NTD) (Note 2)	Certifying Institute	Certification Statement (Note)
Parent Company	24,259.144	0.229935	BSI	The Greenhouse Gas Emissions with Realtek Semiconductor Corporation for the period from 2021-01-01 to 2021-12-31 was verified, the indirect greenhouse gas emissions from imported energy 24,259.144 tonnes of CO_2 equivalent. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.

Note: The British Standards Institute conducts inspections in accordance with the ISO14064-1:2018 standard and the data has been verified to be of a reasonable level of assurance. For the confirmation statement, please refer to page 52 of the annual report.

bsi.

Opinion Statement

Greenhouse Gas Emissions

Verification Opinion Statement

This is to verify that: Realtek Semiconductor Corporation
No. 2, Chuangxin 2nd Rd.
Baoshan Township
Hsinchu Science Park
Hsinchu County 300092
Taiwan

瑞昱半導體股份有限公司
臺灣
新竹縣
寶山鄉
創新二路 2 號
300092

Holds Statement No: GHGEV 773072

<u>Verification opinion statement</u>

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Realtek Semiconductor Corporation for the period from 2021-01-01 to 2021-12-31 was verified, including direct greenhouse gas emissions 662.073 tonnes of CO_2 equivalent and indirect greenhouse gas emissions from imported energy 24,259.144 tonnes of CO_2 equivalent.
- No material misstatements for the period from 2021-01-01 to 2021-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity of year 2021 is 0.509 $kgCO_2$ per kWh.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2022-08-14

Latest Issue: 2022-08-14

...making excellence a habit.™

9. Status of Ethical Corporate Management Implementation and Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company establish its ethical corporate management policies approved by the board of directors, and clearly specify in their rules and external documents the ethical corporate management policies and practices, and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies?	✓		Per approval by the Board of Directors, the Company has established integrity management policies, integrity management codes, integrity management operating procedures and behavior guidelines and other integrity management related regulations, and announced them in the corporate governance section of the Company website for directors, managers and all employees to follow.	-
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within it's business scope that are at a higher risk of being involved in unethical conduct, and establish prevention programs which at least include preventive measures against the conducts listed in article 7, paragraph 2 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		The Company's integrity management rules, integrity management operating procedures and behavior guidelines, ethical codes of conduct, employee codes of conduct, regulations for reporting unlawful and unethical behaviors, and other integrity management related regulations, have covered a risk assessment mechanism, and preventive measures against dishonest behavior.	-
(3) Does the company clearly specify operational procedures, guidelines, and well-defined disciplinary and appeal systems for handling violations in the prevention programs against unethical conducts,	✓		The Company clearly specifies operational procedures, guidelines, and a well-defined disciplinary and appeal system for handling violations in the prevention programs against dishonest	-

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
implement such programs rigorously, and regularly review and correct the programs?			behavior. The compliance situation is checked by the internal audit unit. The company also reviews the measures when necessary.	
2. Implement ethical corporate management				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The Company regularly conducts quality and credit evaluations for suppliers and customers. For those who have not passed the rating, they will be removed from the cooperation list.	-
(2) Does the company establish an exclusively dedicated unit under the board of directors, which reports to the board of directors on a regular basis (at least once a year), on the establishment and supervision of the implementation of the ethical corporate management policies and prevention programs?	✓		The Company's Administration Department is responsible for promoting the integrity of the business, the relevant units are responsible for the implementation, and the Internal Audit unit is independently responsible for auditing to ensure the implementation of the Company's integrity management philosophy, the results of which are reported to the Board of Directors at least once a year. (The execution results were reported to the Board of Directors on October 28, 2022)	-
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement the policies?	✓		The Company's code of integrity management, operating procedures and behavior guidelines for integrity management, codes of ethical conduct, and codes of employee conduct have covered policies to prevent conflicts of interest and communication channels for directors, managers and all employees to follow.	-
(4) Does the company establish effective systems for both accounting and internal control systems to facilitate	✓		The Company has established accounting systems, internal control systems, and internal auditing systems	-

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
ethical corporate management, and does the internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examine accordingly the compliance with the prevention programs, or engage a certified public accountant to carry out the audit?			in accordance with various regulations. The auditors, based on the result of assessment of the risk of involvement in unethical conduct, devise relevant audit plans to examine the compliance with the prevention programs against unethical conducts, and report to the board of directors on a regular basis.	
(5) Does the company regularly hold internal and external educational trainings of ethical corporate management?	✓		The Company has established a code of integrity management, integrity management operating procedures and behavior guidelines, a code of ethics and conduct, a code of conduct for all employees, and internal (outside) personnel reporting unlawful and unethical behaviors and other relevant measures, which are published on the Realtek corporate website to provide information for directors, employees, and stakeholders. In addition, the Company continues to carry out relevant education and training on integrity management and ethical behavior for employees and supervisors. The contents include the Company's integrity management policies, employee code of ethical conduct, and channels for reporting unethical behaviors, etc., so as to promote the integrity management philosophy and ensure it is implemented in daily work. In 2022, the total hours related to integrity management education were 61.8 hours, and a total of 1,390 people participated in the courses.	-
3. Implementation status of the whistle-blowing system				

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(1) Does the company establish a concrete whistle-blowing system and incentive measures, create a convenient way for reporting, and appoint appropriate designated personnel for reported cases?	✓		The Company has established measures to report illegal or unethical behavior, created a way for reporting, and appointed an appropriate designated unit for reported cases.	-
(2) Does the company establish standard operating procedures, follow-up measures to be taken after the investigation is completed, and related confidentiality measures for reported cases?	✓		The Company's code of integrity management, operating procedures and behavior guidelines for integrity management, and measures to report illegal or unethical behavior have covered standard operating procedures, follow-up measures to be taken after the investigation is completed, and related confidentiality measures for reported cases.	-
(3) Does the company adopt measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	✓		The Company will take the necessary protective measures for the whistle-blowers, and promises that the Company's employees will not be subject to inappropriate disciplinary actions due to their whistle-blowing.	-
4. Strengthening information disclosure Does the company disclose its ethical corporate management principles and the results of performance on the company's website and MOPS?	✓		The Company's integrity management code, integrity management operating procedures and behavior guidelines, and other relevant regulations, as well as the implementation and operation of integrity management are disclosed on the Company's website and MOPS, and are operated scrupulously.	-
5. If the Company has established Principles of Ethical Corporate Management based on Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation between the implementation and the principles. The Company has established integrity management policy, integrity management code, integrity management operation procedures and behavior guidelines, codes of ethical conduct, codes of employee conduct, and measures to report illegal or unethical behavior. No deviation is between the operation and the				

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
regulations..				
6. Other important information to facilitate a better understanding of the company's ethical corporate management implementation: (e.g., review and amend the company's principles) The Company complies with related laws and regulations including Company Act, Securities and Exchange Act, Business Entity Accounting Act, etc. to implement ethical corporate management				

10. If the company has established corporate governance best-practice principles or related regulations, disclose the method of finding these:
The Company's Corporate Governance Best-Practice Principles and relevant regulations can be found on the corporate governance section of the Company's website or Market Observations Post System.

11. Other important information to facilitate a better understanding of the state of the company's implementation of corporate governance may also be disclosed:
The company in time discloses material information in accordance with regulations, and regularly holds institutional investor conference to present financial and business related information.

11. Internal Control Status

11.1. Statement of internal control

Realtek Semiconductor Corporation
Statement of Internal Control System

Date: February 24, 2023

Based on the findings of a self-assessment, Realtek Semiconductor Corporation (Realtek) states the following with regard to its internal control system during the year 2022:

1. Realtek's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Realtek takes immediate remedial actions in response to any identified deficiencies.
3. Realtek evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the 'Regulations'). The Criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Realtek has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Realtek believes that, as of December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Realtek's annual report for the year 2022 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the board of directors in their meeting held on February 24, 2023, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Realtek Semiconductor Corporation

Chairman: Chiu, Sun-Chien
President: Yen, Kuang-Yu

11.2. The Company was not required to commission an independent auditor to audit its internal control system.

12. If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement.: None

13. Major resolutions of the shareholders' meeting and the board meetings from last year to the

date of the annual report printed:

13.1. Major resolutions of 2022 shareholders' meeting:

Date	Proposals	Resolution Results And Implementation
June 8, 2022	Ratification Items	
	1. 2021 business report and financial statements	Approved
	2. Distribution of 2021 retained earnings	Approved Dividend record date: 2022/09/12 Payment date: 2022/10/07 Amount: NT$13,847,318,307
	Discussion Item	
	1. To revise the Articles of Incorporation	Approved Obtained the approval letter for registration change: 2022/06/21
	2. To revise the Procedures for Acquisition or Disposal of Assets	Approved Announced on website and proceeded as the amended procedures by June 8, 2022.

13.2. Major Resolutions of Board Meetings

Date	Summary of Major Resolutions	Resolution Results
Mar. 18, 2022	1. 2021 parent company only financial statements and consolidated financial statements. 2. Cause for convening 2022 regular shareholders' meeting. 3. Adoption of the shareholders' proposals for 2022 shareholders' meeting. 4. Employees' compensation and Directors' remuneration of 2021. 5. The Company intends to endorse the guarantee for a subsidiary. 6. Fund loans between subsidiaries of the Company. 7. To revise the Articles of Incorporation 8. The Company's auditor of financial statements and audit Fee for 2022. 9. 2021 Statement of Internal Control System.	Approved by all attending directors
Apr. 22, 2022	1. Distribution of 2021Retained Earnings. 2. 2021 cash dividends distribution from retained earnings. 3. Cash distribution from capital surplus. 4. To revise the Articles of Incorporation 5. To revise the Procedures for Acquisition or Disposal of Assets 6. 2021 business report and 2022 business plan. 7. The Company intends to loan funds to subsidiaries. 8. Fund loans between subsidiaries of the Company.	Approved by all attending directors
Jul. 28, 2022	1. The Company intends to loan funds to subsidiaries. 2. Fund loans between subsidiaries of the Company.	Approved by all attending directors
Aug. 29, 2022	1.To adjust the group's organizational structure. 2.Early termination of fund loans between subsidiaries of the Company.	Approved by all attending directors
Oct. 28, 2022	1. The Company intends to loan funds to subsidiaries. 2. A subsidiary's cash distribution from capital surplus. 3. Early termination of the Company's endorsement and guarantee for a subsidiary. . 4. 2022 year-end bonus principle for officers. 5. The Status that the Company regularly evaluates the independence of auditor. 6. 2023 annual audit plans. 7. To revise the Regulation of Insider Trading. 8. To revise the Procedures for Handling Material Inside Information. 9. The Company's "Corporate Social Responsibility Best Practice Principles" was revised to "Sustainable Development Best Practice Principles". 10. Appointment of Chief Information Security Officer	Approved by all attending directors
Feb. 24, 2023	1. 2022 parent company only financial statements and consolidated financial statements. 2. Cause for convening 2023 regular shareholders' meeting. 3. Adoption of the shareholders' proposals for 2023 shareholders' meeting. 4. Fund loans between subsidiaries of the Company. 5. The Company's auditor of financial statements and audit Fee for 2023. 6. 2022 Statement of Internal Control System. 7. Organization adjustment of the Company.	Approved by all attending directors
Apr. 21, 2023	1. 2023 Q1 consolidated financial statements. 2. The Company intends to loan funds to a subsidiary. 3. 2022 business report. 4. Employees' compensation and Directors' remuneration of 2022. 5. Distribution of 2022 Retained Earnings. 6. 2022 cash dividends distribution from retained earnings. 7. Cash distribution from capital surplus. 8. Establish the Company's " Rules Governing Financial and Business Matters Between the Company and its Related Parties". 9. Report of related party transactions in 2022.	Approved by all attending directors

Date	Summary of Major Resolutions	Resolution Results
	10. Approval of related party transactions. 11. Amend the cause for convening 2023 regular shareholders' meeting.	

14. Directors’ objections against the important resolution of board meetings from last year to the date of the annual report printed: None

15. Information of resignation or dismissal of persons related to the financial reports (including chairman, president, accounting officers, finance officers, internal audit manager, corporate governance officer, and R&D officers) from last year to the date of the annual report printed: None

IV. Information Regarding Audit Fees

Unit: NT$K

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Pricewaterhouse Coopers Taiwan	Li, Tien-Yi Cheng, Ya-Huei	2022/01/01~2022/12/31	4,650	Tax Compliance Audit 980	5,630	

1. Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year: Not applicable.
2. Audit fee reduced not less than 10% compared to previous year: Not applicable.

V. Replacement of Independent Auditors

1. Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">March 30, 2023</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">The internal regular rotation of PricewaterhouseCoopers Taiwan</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA rejected the appointment</td><td>Parties / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Appointment terminated automatically</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Appointment rejected (continued)</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions (Note)</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Is there any disagreement in opinion with the Company</td><td rowspan="4">YES</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of Financial Statements</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>No</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Explanation</td></tr>
<tr><td>Supplementary Disclosure</td><td colspan="3">None</td></tr>
</table>

2. Regarding the Successor CPA

Name of accounting firm	PricewaterhouseCoopers Taiwan
Name of CPA	Li, Tien-Yi ; Cheng, Ya-Huei
Date of appointment	March 30, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that the CPA might issue on the Financial Report.	None
Written Opinions from the Successor CPA are different from the Former CPA's opinions.	None

VI. If the Company's Chairman, President, Managers in charge of finance or accounting operations held positions within the auditor's firm or its affiliates during last year, the name, title, and period of holding positions should be disclosed: None

VII. Share transfer or share pledge of Directors, Officers and major shareholders holding more than 10% shares from last year to the print date of the annual report

1. Changes in shareholding of Directors, Officers and major shareholders

Title	Name	2022		As of April 8, 2023	
		Shares increased (decreased)	Pledge shares increased (decreased)	Shares increased (decreased)	Pledge shares increased (decreased)
Chairman	United Glory Co., Ltd. Representative: Chiu, Sun-Chien	-	-	-	-
Vice Chairman	United Glory Co., Ltd. Representative: Chern, Kuo-Jong	-	-	-	-
Director	Cotek Pharmaceutical Industry Co., Ltd. Representative: Yeh, Nan-Horng		7,264,000		
Director	Sonnen Limited Representative: Yeh, Po-Len	-	-	-	-
Director	Yen, Kuang-Yu	-	-	-	-
Director	Huang, Yung-Fang	-	-	-	-
Director	Ni, Shu-Ching	-	-	-	-
Independent Director	Chen, Fu-Yen	-	-	-	-
Independent Director	Tsai, Tyau-Chang	-	-	-	-
Independent Director	Lo, Chun-Pa	-	-	-	-
CEO	Chiu, Sun-Chien	-	-	-	-
Vice CEO & CFO	Chern, Kuo-Jong	-	-	-	-
President	Yen, Kuang-Yu	-	-	-	-
Chief Operating Officer	Huang, Yung-Fang	-	-	-	-
Vice President	Huang, Yee-Wei	-	-	-	-
Vice President	Lin, Ying-Hsi	(9,000)	-	-	-
Vice President	Chang, King-Hsiung	-	-	(10,000)	-
Vice President	Tsai, Jon-Jinn	-	-	-	-
Vice President	Wang, Po-Chih	-	-	-	-
Vice President	Chang, Jr-Neng	-	-	-	-
Vice President	Shen, Jia-Ching	-	-	-	-
Vice President	Lee, Shang-Ta	5,000	-	-	-
CISO	Weng, Chi-Shun (Note1)	-	-	-	-
Vice President	Su, Chu-Ting (Note1)	-	-	-	-

Note 1: Weng, Chi-Shun was newly appointed officers since 2022.10.28. Su, Chu-Ting was newly appointed officers since 2023.02.24.

2. Information on stock transfer to related parties: None.

3. Information on pledge of shares to related parties: None.

VIII. The relationship between any of the Company's top ten shareholders:

April 8, 2023

Name	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Top Ten Shareholders who are Related Parties, Spouse, or Second-Degree Relatives	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Fubon Life Insurance Co., Ltd.	23,523,000	4.59%	-	-	-	-	-	-
Representative: Richard M. Tsai	-	-	-	-	-	-	-	-
Cotek Pharmaceutical Industry Co., Ltd.	22,146,604	4.32%	-	-	-	-	-	-
Representative: Yeh, Chia-Wen	-	-	-	-	-	-	-	-
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	14,964,000	2.92%	-	-	-	-	-	-
Yuanta/P-shares Taiwan Dividend Plus ETF	12,807,764	2.50%	-	-	-	-	-	-
Cathay Life Insurance Company, Ltd.	9,588,000	1.87%	-	-	-	-	-	-
Representative: Huang, Tiao-Kuei	-	-	-	-	-	-	-	-
Nan Shan Life Insurance Co., Ltd.	9,438,000	1.84%	-	-	-	-	-	-
Representative: Yin, Chung-Yao	-	-	-	-	-	-	-	-
Leicester Worldwide Corporation	9,418,184	1.84%	-	-	-	-	-	-
New Labor Pension Fund	9,339,348	1.82%	-	-	-	-	-	-
China Life Insurance Co., Ltd.	8,291,000	1.62%	-	-	-	-	-	-
Representative: Saloon Tham	-	-	-	-	-	-	-	-
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	6,713,959	1.31%	-	-	-	-	-	-

IX. The consolidated shareholdings and percentage of investments held by the Company, Directors, Officers, and the companies controlled directly or indirectly by the Company.

December 31, 2022 / Unit: shares: %

Investments	Investments of the Company		Investments directly or indirectly held by Directors, Officers, and the companies controlled directly or indirectly by the Company		Consolidated Investments	
	Shares	%	Shares	%	Shares	%
Amber Universal Inc.	41,432	100%	—	—	41,432	100%
Realtek Singapore Private Limited	116,059,638	100%	—	—	116,059,638	100%
Realtek Investment Singapore Private Limited	200,000,000	100%	—	—	200,000,000	100%
Realsun Investments Co., Ltd	28,000,000	100%	—	—	28,000,000	100%
Hung-wei Venture Capital Co., Ltd.	25,000,000	100%	—	—	25,000,000	100%
Realking Investments Co., Ltd.	29,392,985	100%	—	—	29,392,985	100%
Realsun Technology Corporation	500,000	100%	—	—	500,000	100%
AICONNX Technology Corporation	2,000,000	100%	—	—	2,000,000	100%
Bobitag Inc.	1,918,910	66.67%	—	—	1,918,910	66.67%
EstiNet Technologies Inc.	2,000,000	6.89%	—	—	2,000,000	6.89%

Note: The aforementioned are long-term investments under the equity method.

Capital Raising

I. Source of Capital

Year & Month	Issuing Price	Authorized		Paid-in		Remarks		
		Shares (K)	Amount ($K)	Shares (K)	Amount ($K)	Source of Equity	Capital increase by assets other than cash	Other
09/2017	10	890,000	8,900,000	506,506	5,065,062	Employees' compensation	-	Note 1
04/2018	10	890,000	8,900,000	508,095	5,080,955	Employees' compensation	-	Note 2
04/2020	10	890,000	8,900,000	510,685	5,106,849	Employees' compensation	-	Note 3
04/2022	10	890,000	8,900,000	512,864	5,128,636	Employees' compensation	-	Note 4

Note 1: The capitalization was approved by the Hsinchu Science Park Administration on Sep. 25, 2017 with an approval letter of No. 1060026285.

Note 2: The capitalization was approved by the Hsinchu Science Park Administration on Apr 11, 2018 with an approval letter of No. 1070010727.

Note 3: The capitalization was approved by the Hsinchu Science Park Administration on Apr 20, 2020 with an approval letter of No. 1090010606.

Note 4: The capitalization was approved by the Hsinchu Science Park Administration on Apr 13, 2022 with an approval letter of No. 1110011158.

Type of share	Authorized Capital			Remarks
	Outstanding Shares	Un-issued Shares	Total	
Common stock	512,863,641	377,136,359	890,000,000	Note

Note: The authorized capital retains 80,000,000 shares for the issue of employee warrant shares.
Shelf Registration: Not Applicable.

II. Structure of Shareholders

April 8, 2023

Structure of Shareholders	Government Institutions	Financial Institutions	Other Institutional Investors	Foreign Institutional & Individual Investors	Individual Investors	Total
Number of Shareholders	0	41	475	1,156	60,302	61,974
Shareholdings	0	87,587,158	104,579,601	241,028,638	79,668,244	512,863,641
Shareholding Percentage	0.00%	17.08%	20.39%	47.00%	15.53%	100.00%

III. Distribution of Shareholding

April 8, 2023

Category			Number of Shareholders	Shareholdings	Shareholding Percentage
1	to	999	45,193	3,849,237	0.75%
1,000	to	5,000	14,056	24,267,179	4.73%
5,001	to	10,000	1,125	8,208,161	1.60%
10,001	to	15,000	348	4,289,106	0.84%
15,001	to	20,000	174	3,101,550	0.60%
20,001	to	30,000	191	4,702,015	0.92%
30,001	to	40,000	102	3,542,330	0.69%
40,001	to	50,000	87	3,905,275	0.76%
50,001	to	100,000	238	16,998,399	3.31%
100,001	to	200,000	159	22,897,833	4.46%
200,001	to	400,000	122	35,097,390	6.85%
400,001	to	600,000	36	17,300,633	3.37%
600,001	to	800,000	35	24,880,866	4.85%
800,001	to	1,000,000	15	13,315,893	2.60%
1,000,001 and above			93	326,507,774	63.67%
Total			61,974	512,863,641	100.00%

IV. List of Major Shareholders

April 8, 2023

Shareholding / Shareholder	Shareholdings	Percentage of Shareholding
Fubon Life Insurance Co., Ltd.	23,523,000	4.59%
Cotek Pharmaceutical Industry Co., Ltd.	22,146,604	4.32%
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	14,964,000	2.92%
Yuanta/P-shares Taiwan Dividend Plus ETF	12,807,764	2.50%
Cathay Life Insurance Company, Ltd.	9,588,000	1.87%
Nan Shan Life Insurance Co., Ltd.	9,438,000	1.84%
Leicester Worldwide Corporation	9,418,184	1.84%
New Labor Pension Fund	9,339,348	1.82%
China Life Insurance Co., Ltd.	8,291,000	1.62%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	6,713,959	1.31%

V. Market price, net worth, earning, dividends per common share and related information over the last two years

Item \ Year			2021	2022	As of March 31, 2023
Market price per share	Highest		621	594	405
	Lowest		383	232.5	280
	Average		508.23	377.37	358.18
Net worth per share	Before distribution		76.26	91.16	-
	After distribution		51.08	-	-
Earnings per share	Weighted average shares		510,684 (thousand shares)	512,410 (thousand shares)	512,863 (thousand shares)
	Earnings per share		33.00	31.62	-
Dividends per share (Note4)	Cash dividends		25	26	-
	Stock dividends	Earning Distribution	-	-	-
		Capital Distribution	-	-	-
	Accumulated unappropriated dividends		-	-	-
Return on investment	Price/earnings ratio (Note1)		15.40	11.93	-
	Price/dividend ratio (Note2)		20.33	14.51	-
	Cash dividends yield (Note3)		4.92%	6.89%	-

Note 1: Price/Earnings Ratio = Average Market Price / Earnings Per Share

Note 2: Price/Dividend Ratio = Average Market Price / Cash Dividends Per Share

Note 3: Cash Dividend Yield = Cash Dividends / Average Market Price Per Share

Note 4: Cash dividends filled in 2022 and 2021 represent the distribution of 2021 and 2020 retained earnings, respectively and exclude cash dividends from capital surplus.

VI. Dividend Policy and Status of Execution

1. Dividend Policy under the Articles of Incorporation

The Company belongs to the integrated circuit design industry and is in the growth phase of the enterprise life cycle. After considering the long-term business development of the Company, matching future investment fund requirements, and the long-term financial planning of the Company, if there are profits at the end of fiscal year, the Company shall first offset the accumulated losses with profits after tax, and then shall contribute 10% of profit as legal reserve, unless the accumulated legal reserve has reached the amount of the Company's total capital, and contribute or reverse special reserve in accordance with relevant laws or regulation by the competent authority. If there are net profits remained, the remaining net profits and the retained earnings from previous years shall be distributed as shareholders' dividend after the distribution proposal is prepared by the board of directors. In case the distribution is in the form of issuing new shares, the distribution proposal shall be approved at a shareholders meeting. In case the distribution is in the form of cash, the distribution proposal is authorized to be approved by the board of directors. After considering financial, business, and operational factors, the Company may distribute the whole of distributable earnings of the current year, and may also distribute whole or part of the reserves in accordance with the law or the regulation by the competent authority. The dividend distributed to shareholders shall not be less than 50% of the increased distributable retained earnings for the current year.

When distributing dividends, the main consideration is the Company's future expansion of operating scale and requirement of cash flow. The cash dividends shall not be less than 10% of the total dividends distributed to shareholders in the current year.

According to Article 240, Paragraph 5, and Article 241, Paragraph 2 of the Company Act, the Company authorizes the distributable dividends, legal reserve, and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders meeting.

2. 2023 Annual Shareholders' Meeting report on the distribution of dividends for 2022:

The Company's dividend distribution from retained earnings for 2022, approved by the board of directors, was NTD 26 per share in cash.

VII. Impact to business performance and EPS resulting from stock dividend distribution: None.

VIII. Employees' Compensation and Remuneration to Directors

1.Employees' Compensation and Remuneration to Directors as Stated in the Articles of Incorporation:

If gained profits within a fiscal year, the Company shall allocate at a maximum of 3% of the profits as directors' remuneration, and allocate no less than 1% of the profits as employees' compensation. However, in case of the accumulated losses, certain profits shall first be reserved

to cover the accumulated losses, and then allocate employees' compensation and directors' remuneration according to the proportion in the preceding paragraph.

The distribution of employees' compensation in the preceding paragraph shall be in cash or in stock, and shall be resolved with a consent of a majority of the directors present at a meeting attended by over two-thirds of the total directors. The distribution of director's remuneration and employee' compensation shall be reported to the shareholders meeting.

The employees entitled to receive employees' compensation may include the employees of subsidiaries of the Company meeting certain specific requirements. The requirements are determined by the board of directors or its authorized person.

2. Accounting for Employee Compensation and Remuneration to Directors

The Company accrued employees' compensation and remuneration to directors based on a percentage of profit as stated in the Articles of Incorporation Article. If the accrued amounts differ from the actual amounts approved by stockholders' meeting, the Company will recognize the change as an adjustment to income of next year.

3. Employee compensation and Remuneration to Directors resolved by the Board of Directors

3.1. The Proposal of 2022 Employees' Compensation and Remuneration to Directors resolved at the Board of Directors held on April 21, 2023:

Unit: New Taiwan Dollars; shares

Employees' Compensation				Remuneration to Directors	Difference	
Cash compensation	Stock compensation	Common Shares	Total	Cash	Difference Amount	Treatment
4,765,897,688	0	0	4,765,897,688	120,000,000	none	Not applicable

Note: the 2022 Employees' compensation and directors' remuneration resolved at the Board of Directors are the same as the accrued amounts in 2022.

3.2. The ratio of employees' stock compensation divided by the total of income after tax and employees' compensation: The 2022 employees' compensation is in cash so that it is not applicable.

4. The actual distribution of employees' compensation and directors' remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee's compensation and directors' remuneration, additionally the discrepancy, cause, and how it is treated.

Unit: New Taiwan Dollars; shares

Employees' Compensation				Remuneration to Directors	Difference	
Cash compensation	Stock compensation	Common Shares	Total	Cash	Difference Amount	Treatment
3,965,355,284	991,338,530	2,178,766	4,956,693,814	130,000,000	none	Not applicable

Note: The actual distribution of employees' compensation and directors' remuneration is the same as accrued amounts in 2021.

IX. Status of Treasury Stocks: None

X. Status of Corporate Bonds: None

XI. Status of Preferred Stocks: None

XII. Status of GDR

March 31, 2023

Item \ Issuing Date			Jan 24, 2002
Issuing Date			Jan 24, 2002
Issuance & Listing			Luxembourg Stock Exchange.
Total Amount（US$）			240,180,375
Offering Price per Unit（US$）			17.25
Issued Units			13,923,500 units
Underlying Securities			New shares issued for capital increase of cash and issued common shares held by shareholders of the Company
Common Shares Represented			55,694,400 Common Shares
Rights and Obligations of GDR holders			According to the relevant instructions of the published manual
Trustee			N/A
Depositary Bank			Bank of New York Mellon
Custodian Bank			Mega International Commercial Bank
GDRs Outstanding			313,463 units
Apportionment of the expenses for the issuance and maintenance			In accordance with the contract of the underwriting syndicate and depositary bank
Terms and Conditions in the Deposit Agreement and Custody Agreement			The company will provide necessary public information in accordance with the contract for the depositary bank to notify the depositary certificate holder
Closing price per GDRs (US$)	2022	Highest	79.59
		Lowest	31.15
		Average	50.57
	As of March 31 of 2023	Highest	53.01
		Lowest	36.65
		Average	46.88

XIII. Status of Employee Stock Warrants: None

XIV. Status of Employee Restricted Stocks: None

XV. Status of Mergers or Acquisitions, or as assignee of new shares issued by other companies: None

XVI. Status of Implementation of Fund Utilization Plan: Not Applicable

Operations Overview

I. Business Overview

1. Business Scope

(1) Realtek's Main Business Areas

i. Research, development, production, manufacturing, and sales of various types of integrated circuits.

ii. Provide software and hardware application design, testing, maintenance, and technical consulting services for various integrated circuit products.

iii. Research, development, and the sale of various types of silicon intellectual property

iv. Adjunct trade and sales that relate to Realtek's core businesses

(2) Percentage of Operating Revenue

Unit: NT$ thousands

2022	IC Products	Other	Total
Net OperatingRevenue	111,560,194	229,597	111,789,791
Percentage of Operating Revenue	99.79%	0.21%	100%

(3) Current Products

Communications Network and Connected Media Products:

Ethernet Controller Series
Ethernet PHY Transeiver Series
USB Storage Bridge Controller Series
UHD HDR Multimedia STB SoC Series
Automotive Ethernet PHY Series
Automotive Ethernet Highly-Integrated Switch Controller Series
Integrated Wireless LAN (WLAN) and Bluetooth Network Controllers Series
WLAN 802.11ax Dual Band AP/Router SoC Series
Multifunction IoT SOC Series
IoT SoC with Bluetooth Series
IoT AI Wireless Network Camera SoC Series
Bluetooth 5.2 LE SoC and Bluetooth 5.2 Audio SoC Series
GNSS (Global Navigation Satellite System) IC Series
Multi-Port Ethernet PHY Chipset Series
Multi-Port Ethernet Switch Controller Chipset Series
Multi-Port Ethernet Managed Switch Controller Chipset Series
Highly-Integrated PON SOC Series
Multi-Port PSE Controller Series
VDSL 35B Network Router Controller Series

Computer Peripheral and Smart Interconnect Products:

HD-A Audio Codec Series
High Voltage Audio Amplifier with Speaker Protection Series
SoundWire Audio Codec Series
USB 2.0 Audio Codec Series

USB 2.0 to I2S Bridge Controller Series
Hi-Fi Audio Codec Series for Mobile Devices
Hi-Fi Audio DSP Series for Mobile Devices
Boost Audio Amplifier with Speaker Protection Series for Mobile Devices
Embedded USB Interface Image Signal Processor Chip Series with Edge AI Engine
USB 2.0 Fingerprint Controller Series
Highly-Integrated 5MP Edge AI IP Camera SoC Series
PCIe/USB 3.2/USB 2.0 Card Reader Controller Series
USB 3.0 Gen 1/USB 3.2 Gen 2 4-Port Hub Controller Series
USB Type-C PD Controller Series
USB 3.2 Gen2 Redriver Controller Series

Multimedia Products:
Integrated LCD Controller Series
Integrated High Resolution Gaming LCD Controller Series
DisplayPort Video Translator Series
DisplayPort MST Hub Controller Series
High-End Smart Connected LCD TV SoC Series
Intelligent Display SoC Series
8K LCD TV Video Decoder and Processing Chip Series
Super Resolution Image Enhancement SoC Series

(4) Products Under Development
Communications Network and Connected Media Products:
Higher Specification Ethernet Controller Series
Higher Specification Ethernet PHY Transeiver Series
Higher Specification Storage Bridge Controller Series
Higher Specification UHD HDR Multimedia STB SoC Series
Automotive Ethernet High-Speed Cyber-Security PHY Series
High-Port Count Integrated Automotive Ethernet Cyber-Security Switch Controller Series
Higher Specification Multi-Port Ethernet PHY Chipset Series
Higher Specification Multi-Port Ethernet Switch Controller Chipset Series
Higher Specification Multi-Port Ethernet Managed Switch Controller Chipset Series
Higher Specification Multi-Port Ethernet PSE Controller Chipset Series
Higher Specification Fiber Uplink High Bandwidth Managed Ethernet Switch Controller Series
Higher Specification Highly-Integrated PON SOC Series
Higher Specification PON Laser Driver Series
New Generation Integrated Multi-Link Wireless LAN (WLAN) and Bluetooth Network Controller Series
Higher Specfication IoT SoC Integrating Wi-Fi, Bluetooth, and Smart Sensing Series
Higher Specification IoT SoC Integrating Wi-Fi, Bluetooth, and Smart Voice Series
Higher Specification, Highly-Integrated IoT AI Wi-Fi Camera SoC Series
Higher Specification, Highly-Integrated WLAN Dual Band AP/Router SoC Series

Higher Specfication Bluetooth 5.3 Audio SoC Series
Higher Specification Bluetooth 5.3 LE IoT SoC Series

Computer Peripheral and Smart Interconnect Products:
Higher Specification SoundWire Audio Codec Series
USB 2.0 Audio Codec with DSP Series
Audio DSP Supporting Neural Network Computing Series
High Voltage Audio Amplifier with Speaker Protection Series
Hi-Fi Audio Codec Series for Mobile Devices
Hi-Fi Audio Codec Series for Gaming Devices
Hi-Fi Audio Codec with Class-D Amplifier and SoundWire Interface Series for Mobile Devices
Boost Audio Amplifier with Speaker Protection Series for Mobile Devices
Higher Specification Embedded USB Interface High Resolution Camera Controller with Edge AI Engine Series
Higher Specification USB 2.0 Fingerprint Controller Series
Higher Specfication High Resolution IP Camera Edge AI SoC Series
PCIe SD 8.0 Card Reader Controller Series for Notebook Computer
USB 3.2 Gen 2 7-Port Hub Controller Series
USB 4.0 Multi-Port Hub Controller Series
Type-C PD Controller Series Supporting EPR (Enhanced Power Rate)
Highly-Integrated Low-Power Embedded Controller Series

Multimedia Products:
Higher Specification Integrated LCD Controller Series
Higher Specification DisplayPort Video Translator Series
Higher Specification DisplayPort MST HUB Controller Series
LCD TV SoC Series Supporting New Generation Video Decode
Higher Specification SoC Series Supporting Streaming Video Decode and Display

2. Industry Overview

(1) Industry Status & Trends and Product Development & Competition

After the semiconductor industry experienced a supply shortage in 2021, the end market demand weakened. In 2022, the supply chain faced an inventory problem due to geopolitics, an epidemic, inflation, and other major environmental factors. According to Gartner's estimate, global semiconductor industry revenue in 2022 was US$601.7 billion, an increase of a mere 1.1% when compared to 2021. Analog (19% year-over-year increase) and discrete (15% year-over-year increase) components were the main growth areas, neither of which relate to Realtek's products lines. Realtek, working closely with upstream suppliers and downstream customers, and with the concerted efforts of all employees, once again delivered an annual revenue growth despite the many challenges presented over the course of the year. According to DigiTimes research, Realtek ranked seventh among the world's top ten IC design companies in 2022.

Communications Network and Connected Media Products:

In terms of Ethernet, the wafer supply shortage in 2022 has been resolved, and Realtek can receive sufficient supply for the notebook computer, motherboard, Network Storage Device (NAS), game console, docking station, and USB-to-Ethernet adapter markets. In recent years, the Ethernet specifications in the computer and communication network market has gradually progressed from 1GBASE-T to 2.5GBASE-T. Realtek's second-generation 2.5GBASE-T controller is currently the standard configuration for flagship motherboards, and is expanding to include mid-to-high-end models, switches, and accessories for network extension markets. In response to the highly digitalized post-pandemic market demand in 2023, Realtek will launch a higher-speed 5GBASE-T Ethernet solution, Users can use existing Cat 5e network cables to reduce the time and cost of re-cabling, and immediately enjoy the upgraded bandwidth of 5Gbps for highly effective living.

Due to the fact that huge amount of data is rapidly accumulated in the hands of every end user, the built-in storage capacity of the majority of computers and mobile phones is no longer sufficient, leading to the need for expansion accessories. Portable/external storage devices have higher security than cloud space and do not rely on networks. Traditional mechanical hard drives (HDD) have gradually been replaced by solid-state drives (SSD) that have faster transfer speeds and are both silent and shock-resistant. SSDs have many other advantages over HDDs, such as high-speed read and write, their small size, light weight and portability. Their price has become affordable for consumers and they are quickly taking over the hard drive market. External SSD interfaces are divided into the traditional SATA, and the new, higher-speed PCIe interfaces. Currently, SSD market suppliers can only provide bridge controller solutions with either a single USB-to-SATA, or USB-to-PCIe interface. Thus, Realtek launched the only solution in the global market that supports USB 10Gbps interface with auto-detection of PCIe/NVMe and SATA/AHCI dual protocols to enter the high-end SSD storage market. In 2022, Realtek also launched a USB 5Gbps to SATA/AHCI solution to serve the low-end traditional hard drive market. In 2023, Realtek will target the high-end market and launch the next-generation solution with USB 20Gbps to SATA/AHCI or PCIe/NVMe protocol, thereby providing a more comprehensive product portfolio to meet the diversified needs of the storage market.

In this era of rapid digital expansion, users have extremely high requirements for the read and write speed of memory cards. At the end of 2021, the SD Express memory card SD 7.0 was launched, which integrated the PCIe NVMe 1.3 protocol to achieve a maximum transmission speed of up to 985MB/s (three times faster than traditional UHS-II SD memory cards), driving demand for card readers that support this specification. In 2022, customers rapidly adopted Realtek's USB 10Gbps to SD Express bridge controller solution, leading to the world's first mass-produced USB external SD Express card reader. The solution uses exclusive power-saving technology to effectively reduce the heat generated during high-speed transmission, providing a more stable and reliable storage environment for systems. It can be applied to high-end audio and video systems, medical equipment, edge computing devices, and the booming market of video creators, facilitating real-time browsing and editing of content through an external card reader after shooting.

In recent years, there has been a proliferation of OTT (over-the-top) services, and the pandemic

has further driven consumer demand, leading to a continuous increase in the demand for OTT set-top boxes. This has also accelerated the networked IP transformation of the pay TV industry. Large telecom operators are fully transitioning to the IP network and launching their own OTT services or set-top boxes. For example, the largest operator in the United States integrated its OTT video services and introduced a global IP video platform in 2021 to support its services in all carrier countries, both in Europe and the US via a single IP platform. Other major telecom operators have also integrated their existing traditional linear TV or video on demand services with OTT, and launched their own set-top boxes.

In addition to the shift towards IP-based and OTT, open platforms rely on the support of App stores and better integrated architecture for premium apps to encourage operators to abandon the old closed systems and embrace open platforms. Google has launched Android TV, and the RDK Alliance has launched the RDK-V platform. Both have successfully attracted major operators to adopt them. Meanwhile, Netflix has launched the Netflix Scaling Program for the operator market (Hailstorm project based on Android TV, and the DaVinci project based on RDK) to accelerate its operators' launch of Hybrid OTT and IPTV set-top boxes that combine a network video to support Netflix.

The change in consumer viewing habits and the continuous demand for higher content quality have greatly increased security challenges for operators. To respond to the rapidly maturing market that provides products offering greater capabilities at lower prices, Realtek continues to develop set-top box solutions with new generations of UHD Multimedia Controllers, integrating the Multi-CAS security solutions to meet each operator’s requirements. In addition to integrating new-generation HDR and 3D audio technology, Realtek continues to develop new-generation video and audio codec technology to cope with the increasing resolution, providing complete and cost-competitive hardware and software reference designs with low power consumption to help customers develop high-performance set-top box products and seize business opportunities. Furthermore, by combining their own complete multimedia and network solutions, customers can gain an edge that competitors will find difficult to replicate.

Regarding the Ethernet switch market, Realtek has gained a market-leading position in embedded applications, such as Wi-Fi routers, IP phones, unmanaged switches, and smart switches. In recent years, the company's market share in managed switches has been steadily rising. In 2022, driven by the demand for communication network equipment during the pandemic, customer demand has increased significantly. Realtek's Layer 3 managed switch products have also been adopted by important customers. The company is leveraging this advantage to launch more cost-effective products.

Realtek started producing Ethernet Power Sourcing Equipment (PSE) in 2021, and along with its managed switch products successfully entered the supply chains of major customers. Both enjoyed significant revenue growth in 2022. Furthermore, the market for communication network products has grown against the market trend because of the pandemic. In the third quarter of 2022, Realtek launched a single-chip 5-port 2.5GBASE-T switch controller (supports 4-port

2.5GBASE-T PHY and a single-port 10GBASE-T PHY), thereby further enhancing the depth and breadth of its product portfolio, along with expanding the growth momentum of the product line in order to penetrate a broader and higher-speed switch market in the future. Realtek's mid-to-high-end managed switch products have accumulated many important customers. In addition to the targeted major GbE (Gigabit Ethernet) market segment (24*1GBASE-T+4*10GBASE-T, 48*1GBASE-T+6*10GBASE-T), the Multi-GbE (Multi-Gigabit) market segment (24*2.5GBASE-T+4*10GBASE-T, 32*1GBASE-T+16*2.5GBASE-T+4*10GBASE-T) is also opening up with a focus on the Campus Network market. Important strategic customers have successfully entered mass production, and the business performance of managed switches has therefore grown significantly. Furthermore, in the second half of 2022, in order to respond to customer needs and market competition, Realtek launched new products by adopting a new process, built-in dual-core CPU, supporting 24/48*1GBASE-T+4*10GBASE-T interfaces to deliver a more competitive cost structure and power performance.

In 2022, as the COVID-19 pandemic continued to induce the demand for more bandwidth among end users, global operators accelerated the deployment and upgrading of fiber optical networks. Realtek has a relatively complete product roadmap for 10G-PON (including XG-PON and XGS-PON), 2.5G PON, and 1G EPON. The product solutions include Home Gateway Units (HGU) and Single Family Units (SFU) with 4-port 1GBASE-T, 1-port 1GBASE-T+3-port 100BASE-T, and 1-port 1GBASE-T Ethernet ports that can meet the needs of the new global tender project.

China is still the region with the highest demand for optical fiber globally. Realtek has gained considerable market share in the Chinese market in recent years. With the impact of the pandemic, working from home (WFH) and remote learning have become new social needs, and XPON's broadband access technology is right there to provide a stable, high-bandwidth, and affordable home Internet environment. The next new market specification requires even greater bandwidth, and XG-PON products will become the mainstream broadband access equipment for homes. Since 2022, the number of tender projects by Chinese operators for XG-PON home gateway units has gradually increased. It is expected that the shipping volume of XG-PON in 2025 will surpass that of 2.5G PON products.

Carmakers in Europe, the United States, China, Japan, and Korea have already adopted Automotive Ethernet as the backbone of in-vehicle networks and have applied it to connect safety sensors, 360-degree camera systems, in-vehicle infotainment head units, and instrument panels. Realtek's automotive Ethernet products have been designated as golden samples for interoperability testing by IOP certification laboratories. This series of products has obtained certification from many automakers, adopted by Tier 1 suppliers, and entered mass production. Realtek continues to lead the world with its technological advantages and has launched second-generation automotive Ethernet products, including a high-port switch chip (Switch) supporting 100/1000BASE-T1 dual-mode and a PHY supporting 100/1000BASE-T1 dual-mode. It has been successfully adopted by European and US automakers and Tier 1 suppliers, and has become standard for the new generation of in-vehicle backbone networks in 2022~2023. Additionally, Realtek is cooperating with automotive manufacturers to integrate 10BASE-T1 technology into

the next generation of Multiport Switches. A PHY controller that supports the new 2.5GBASE-T1 standard is also under development. In addition, the product roadmap includes the integration of MACsec to protect information security, as well as the XFI/BASE-KR interface that supports data bandwidth of up to 10Gbps for Ethernet to pair with the higher computing power in the main chips. These developments aim at meeting the demands of the intelligent networked automotive market in the next 3 to 5 years.

Regarding Wi-Fi products, in 2022 Wi-Fi 6 replaced Wi-Fi 5 as the mainstream Wi-Fi for the PC market. Concurrently, related manufacturers have started to plan for the release of Wi-Fi 7. The upgraded performance and new applications emphasized by this standard are expected to go into high-end products designed by ODM in 2023. After releasing the second generation Wi-Fi 6 in 2022, Realtek has successfully introduced it to PC customers for mass production to meet the current market trend. Wi-Fi 6E has also been adopted by various OEM customer projects in 2022, and is expected to contribute to revenue in 2023. Realtek plans to launch Wi-Fi 7 (802.11be) in 2023, introducing it step-by-step to PC OEM key customers, while entering mass production in 2024.

Compared to previous Wi-Fi, the low latency characteristics of Wi-Fi 6 enable new applications, such as AR/VR, to better demonstrate the fluent video transmission required by many of these product applications. European and American companies are the leaders in this field, and Realtek has been consistently strengthening the customer cooperation, along with placing huge emphasis on technical development to ensure that high quality products can be introduced smoothly into mass production.

The printer is another important application for Wi-Fi in the IT market, and even though this application does not emphasize high transmission rates, customers have begun considering high-spec Wi-Fi for their future products due to the gradual increase in the overall penetration rate of Wi-Fi 6. In addition to hardware upgrades to Wi-Fi 6, customers also require additional features in order to provide end customers with greater convenience of use.

In the high-end TV segment post pandemic, customers seek high-spec Wi-Fi with competitive prices to support end products with good cost-performance ratios to stimulate the demand. Wi-Fi specification for low-end TV is also influenced by the market and require upgrading. Customers can optimize their product portfolios and improve end product pricing by following Realtek's strategy of continually guiding customers toward higher specifications yielding a good cost-performance ratio, while simultaneously building technological barriers against market competition. In 2021, some set-top boxes in the Chinese market were downgraded to models without Wi-Fi or that required the use of Bluetooth due to insufficient Wi-Fi 5 supply. However, starting in the third quarter of 2022, major Chinese telecom operators began adding Wi-Fi 6 models to their set-top boxes to gradually upgrade the specifications of existing projects. New set-top box projects in both Europe and America use mainly Wi-Fi 6 to push for higher Wi-Fi revenue.

Wireless surveillance devices (IP CAM), incorporating AI technology and IoT related applications, still maintain a long-term steady growth trend. Despite fierce competition from Chinese competitors, Realtek Wi-Fi has advantages in product performance, portfolio completeness, and brand trust, and will defend its position through appropriate pricing. Realtek will also seek to advance dual band IoT solutions and improve Wi-Fi specifications, targeting mid-to-high-end products and differentiating itself from competitors using unique features to capture different market segments. Outside of China, Realtek aims to gradually replace the mainstream Wi-Fi 5 2x2 dual band with the timely launch of the new generation Wi-Fi 6 2x2 solution.

For Wi-Fi access point/router integrated products, Realtek's Dual Band Mesh Router solution has stimulated new market demand through its excellent cost-performance, and in turn created new growth momentum. With the majority of work shifting to work-from-home (WFH), consumers are demanding routers with better performance to improve work efficiency at home. This has driven the strong demand for Wi-Fi 6 routers with superior performance advantages. In 2022, besides promoting AX1500/AX1800 in more regions, in Q2 Realtek launched high-end solutions such as AX3000 and tri-band AX5400, and actively developed Wi-Fi 7 to provide customers with more complete and comprehensive router product solutions.

Realtek has been working on its IoT product line for many years, offering customers a solution that combines smart control, voice, real-time video, and more. In 2022, the IoT market was first impacted by Amazon's selling privilege ban, followed by the large-scale lockdown in China, causing the Chinese market to focus on reducing inventory in the first three quarters. Additionally, the overall consumer market in Europe and the US experienced a significant slowdown due to both the war in Ukraine, and inflation, forcing customers to pause the transition towards new specifications. However, according to third-party market research reports, the overall IoT market will continue to grow steadily, with smart home devices still accounting for the majority of Wi-Fi-enabled IoT devices. The smart home is the primary market for Realtek's IoT, and we have a complete series of IoT products with high integration, ultra-low power consumption, and high security. Every year, Realtek actively invests in R&D resources to develop new generations of Wi-Fi and Bluetooth technologies that support the latest IoT alliance standards and enable more AI applications. In addition to being recognized by top global brand customers in the smart home market, Realtek is also actively expanding IoT in industrial applications and medical fields, hoping to bring intelligence to various applications and provide better experiences for end users. Moreover, Realtek continues to collaborate with IoT-related organizations and leaders, and is a major partner in the latest IoT standard 'Matter' where Realtek has already released the first-generation product with major customers. We plan to release more products in 2023, creating a more complete smart home environment.

Bluetooth is widely built into products such as smartphones, TVs, set-top boxes, and smart speakers to help individuals and family members connect wirelessly via Bluetooth, so as to enjoy the convenience and user-friendly experience brought by Bluetooth earphones, sports wristbands, Bluetooth voice remote controls, and Bluetooth Mesh peripherals. These devices bring more

convenient entertainment experiences, more user-friendly human-machine interactions, and faster and more responsive operation feedback.

True Wireless Stereo (TWS) earphones experienced slow growth from 2020 to 2022 due to the impact caused by the pandemic. Besides the trend of active noise-cancelling (ANC) earphones that can reduce external noise interference, emerging applications such as Bluetooth wireless microphones, Bluetooth gaming earphones, and spatial audio headsets provide additional options for different user groups. Thus, the continuing expansion of the Bluetooth audio application market is still within our expectation. Capitalizing on the good reputation of the first-generation Bluetooth solution, Realtek offered a convenient ANC mass production tool to help customers improve production efficiency, reduce costs, and ensure performance consistency, thereby gaining recognition from the market and being adopted by multiple well-known international brands. In 2022, Realtek launched a low-latency Bluetooth gaming earphone solution, and a Bluetooth calling watch, receiving positive feedback from the market. Realtek continues to play an important role in promoting Bluetooth audio solutions, working with supply chains and brand customers to provide consumers with better voice experiences, meet the market's expectations for the evolution of new features in Bluetooth earphones, and promote market growth, creating a win-win situation.

Realtek's BLE (Bluetooth Low Energy) series has received recognition among major international brands for voice-assist remote controllers, assisting the transition of remote controllers from infrared to Bluetooth, and providing a new generation of smart wristbands with large color display upgrade in Bluetooth wearable applications, thereby increasing the value and attractiveness of wearables. In addition, commercial applications of Bluetooth Mesh networks that support smart voice ecosystems are maturing and supporting the growth of Bluetooth peripheral products. In the future, with the low power consumption feature of Bluetooth and its online cloud services, Realtek's Bluetooth solutions will not only be used for personal entertainment and smart home applications, but will also enter industrial applications such as smart factories, property management, B2B transportation management, medical, and automotive. Realtek has also successfully entered the Electronic Shelf Label (ESL) market, providing customers with a diverse range of cross-domain applications.

Computer Peripheral and Smart Interconnected Products:
At the beginning of 2022, the market generally believed that the overall demand for PCs in 2022 would be similar to that of 2021 and would be supported by the commercial market. However, the outbreak of the Ukraine-Russia war and China’s Zero-COVID policy in the first half of the year had a negative impact on the overall economy. The subsequent substantial increase in interest rates once again hit the consumer market, causing a decline in consumer PC demand, and inventory levels in sales channels continued to rise. In the second half of the year, companies also reduced their spending, causing the commercial PC market to further depress, resulting in a 15% to 20% year-on-year decrease in PC shipments in 2022. Furthermore, geopolitical events have changed the semiconductor landscape, and the restructuring of the supply chain poses a major challenge to the entire industry. However, even during this economic downturn and period of

extreme volatility, Realtek continues to improve and develop new products in preparation for a market rebound. Building on the success of the neural network AI Audio noise reduction algorithm that received market recognition in the past two years, Realtek launched AI beamforming, AI echo cancellation, and AI residual echo cancellation in 2022, comprehensively improving the user experience of PCs, conference devices, and live broadcast equipment, while expanding the application field of AI algorithms from conferences to content creators. In response to the possible specification changes in PC audio interfaces three years from now, Realtek continues to participate actively in specification definition and plans to create a complete product portfolio to help the industry and customers smoothly transition to the new specifications.

The pandemic has led to the need for not only quality voice calls, but also more convenient and clearer video for remote work and distance learning. In response to this, PC brands have upgraded their commercial models for frequent video conferencing from original HD resolution, to FHD, or 5MP resolution. In addition to improving the resolution of color video devices, many commercial, and flagship models of PC brands have also upgraded from the original hybrid HD RGBIR single lens, to the dual sensor dual-lens to support Microsoft Windows 10's built-in face recognition technology (Windows Hello face authentication). This not only improves the color visible light image to FHD or 5MP resolution, but also supports the 940nm wavelength band that is less affected by natural IR signal interference, providing users with a better biometric recognition experience.

In addition to the improvement in pixel quality, Realtek is leading the industry to launch the Video HDR (VHDR) solution, which eliminates facial shadows generated by backlighting when using a camera, and overcomes environmental limitations during video use. In the meantime, Microsoft has also proposed the HPD (Human Presence Detection) whitepaper to provide specifications for USB cameras for intelligent human-computer interaction and operating system collaboration, while simultaneously integrating Microsoft's facial recognition technology to provide users with increased power-saving and intelligent booting. In 2022, Realtek launched a series of ISP models with HD/FHD/5M resolutions that support dual-lens and Temporal Noise Reduction (TNR) specifications. In the second half of 2022, Realtek also introduced a USB camera integrated with edge computing solutions. Through strategic cooperation with major PC brand customers, Realtek plans to release the HPD solution, which supports 5MP, in April 2023. Driven by our passion to improve pixel/image quality, and intelligent features, we continue to provide PC camera application solutions that meet customer needs. We not only set the highest standards for video quality in the PC industry, but also provide consumers with the best user experience.

In terms of fingerprint recognition MoC (Match on Chip) hardware encryption MCU products, Realtek's third-generation encryption MCU meets MoC specifications to enter the high-end consumer fingerprint recognition PC market. In 2022, Realtek obtained approval as a supplier of Microsoft's fingerprint MCU and was put on the Approved Vendor List. In 2023, in collaboration with Microsoft's promotion program, Realtek will launch the fourth-generation encryption MCU, offering greater power efficiency, and providing a built-in hardware algorithm accelerator for

faster computing. It also supports anti-spoofing and will enter the PC consumer and commercial models through the differentiating algorithm specifications.

In the field of IP camera single-chip solutions, in 2023, Realtek’s highly integrated AI surveillance camera single-chip has an exceedingly flexible Image Signal Processor (ISP), along with a high resolution of 2K/4K. Its high-performance dual-lens video stitching technology, combined with crystal clear night vision provides full-color noise reduction (3DNR) processing, meeting the mainstream market's demand trend for clear, far, and wide viewing surveillance cameras. Realtek’s highly integrated AI surveillance camera single-chip can support various CMOS image sensors from a host of brands on the market, thus satisfying customers' broad range of video preferences. This gilt-edged solution is also integrated with AV1 compression technology, providing high compression performance, low bandwidth video transmission, while simultaneously integrating NPU to support diverse, self-developed intelligent algorithms (face/human/vehicle detection, face capture, etc.) and open platforms with the flexibility to access third-party, or customer-developed algorithms. It also integrates audio and network functions with diverse peripheral interfaces, providing customers with unique, cost-effective, and highly integrated solutions for different product applications.

In the consumer electronics audio chip market, Realtek's unique low-power design and software-hardware combined power-saving solution can effectively extend battery life. Combined with high-performance audio codec, built-in adaptive boost circuits, high-integration solutions such as D-class power amplifiers with speaker protection functions and equalizers, it can save external components for customers and effectively reduce the motherboard's size. In addition to the smartphone and game console markets, Realtek's low-power audio codec, smart audio power amplifier, and programmable audio DSP have been introduced to major brands and received high ratings. In recent years, Realtek has also collaborated with strategic partners to tap into the virtual reality (VR) and automotive voice market and has achieved results progressively.

Regarding card reader controllers, Realtek launched PCI Express and USB 3.0 multifunctional integrated card reader products to meet the needs of notebook and desktop computers. The product integrates both a memory card reader and smart card reader. Realtek is a pioneer in releasing devices that support the latest SD7.0 memory cards and Intel’s newest energy-saving products. Besides maintaining a leading market share, Realtek also expects to create new product applications, while providing greater value for customers.

Products supporting USB 3.0 are gaining popularity, and the demand continues to grow. Realtek's 4-Port USB 3.0 hub products have been adopted by many system manufacturers, and the shipment of these products is increasing. Realtek is leading the industry in the release of USB 3.1 GEN 2 hubs, many of which are already used by manufacturers on new platforms. Besides faster transmission and lower power consumption, Such hubs integrate USB Type-C functions to provide customers with the option of designing more refined products with higher specifications. Realtek has invested considerable resources in developing 7-port USB 3.2 hubs and new USB4 router products since the beginning of 2022 to expand its application market. The goal is to

integrate existing technologies and products, to launch updated multifunctional hub products, and to provide customers with more diverse products.

With the introduction of USB Type-C, Realtek simultaneously released a series of highly integrated products that reduces overall design costs and refines product features. Manufacturers have already begun using them in a wide range of applications. Realtek will continue to develop products with improved specifications. In 2022, our solutions have successfully entered various PC manufacturers' markets, benefiting from the pandemic. In the future, Realtek will develop products based on customers' latest requirements to further expand our market share.

As PC applications increasingly focus on low power and security, Realtek is developing a high-integration low-power embedded controller (EC) chip. This chip will use advanced 32-bit MCUs and will have ample memory space, providing substantial system resources. Customers can innovate and develop with more flexibility, and use advanced processes and built-in hardware encryption engines to achieve power saving and security. With the popularity of the USB Type-C specification, Realtek's EC combined with USB Type-C chips can provide customers with more complete power control and data transmission solutions, and are expected to enter mass production and shipped out in the second half of 2023.

Multimedia Products:
New opportunities for LCD displays mainly come from the demand for high resolution, high refresh rate, superior color performance, and the latest external display interfaces. Professional displays with ultra-high resolutions and image quality are focal points of this competitive market. These include WFHD/QHD/WQHD/UHD, high image quality displays that support high dynamic range (HDR) or wide color gamut (WCG), and gaming displays that improve fast response experiences through higher refresh rates. For applications such as notebooks or desktop computers, Realtek provides DisplayPort to VGA video translator, and DisplayPort to HDMI video translator, which are widely used by tier-one and tier-two brand customers. Due to the widespread adoption of USB Type-C as the interface for video, data, and power transmission on notebooks, phones, and even Apple iPad Pro, the market demand for USB Type-C peripheral products rose significantly. In 2022, Realtek launched the latest low-power DP 1.4 to HDMI 2.1 video translator, DP 2.1/HDMI 2.1 video hub, and DP 2.1/HDMI 2.1 high-end LCD display monitor controller to the market, and became the first in the world to obtain VESA DP2.x certification, once again displaying our commitment towards continuously strengthening market competitiveness and injecting momentum into the next wave of growth.

With respect to LCD TVs, in addition to meeting the customer needs for mass production, Realtek continues to develop 8K (7680 x 4320) Smart Connected LCD TV SoCs, supporting UHD 60Hz/120Hz, as well as a new generation of 4K LCD Smart Connected TV SoC integrating various high dynamic range (HDR) functions. Realtek's TV decoder chip for 8K TV is equipped with all the necessary related technologies, providing customers with seamless solutions to upgrade to 8K TVs and giving LCD TV manufacturers more competitive products.

To meet the high-quality requirements of high-end 4K/8K TVs, Realtek has developed an AI super-resolution fidelity recovery single chip, which uses a neural network to identify image scenes and objects, while dynamically and instantly removes the innate noise of the picture, suppresses distortion, and enhances the original low-resolution images to 4K/8K high-resolution images. This innovative technology won the 2022 COMPUTEX Taipei 'Golden Award' and 'Best Choice of the Year Award'. Due to the pandemic, working from home has become a new trend over the past two years, and LCD screens not only need to meet office requirements, but also consumers' demands for multi-functional purposes, such as entertainment. Realtek will provide SoCs for these emerging intelligent displays to fulfill both consumer needs and demand trends.

(2) The upstream, midstream, and downstream relationships in the industry.

The IC manufacturing industry can be divided into upstream IC design and design services companies, midstream IC chip manufacturers, and downstream IC packaging and testing suppliers. IC design firms typically engage in design and sale of their own products or commissioned designs for other firms. Within the supply chain, they are knowledge intensive. Before the final product is completed, however, photo mask tooling, wafer fabrication, and product packaging and testing are needed. Generally, design firms contract external manufacturers to support these production and manufacturing processes.

3. R&D Development

(1) R&D Expenditure for the Past Two Years

Unit: NT$ thousands

Year	Revenues	R&D Expenditures	Ratio (%)
2021	105,504,286	27,949,765	26.49
2022	111,789,791	30,081,533	26.91

(2) Products Successfully Developed in the Past Year

Communications Network and Connected Media Products:

Ethernet Controller Series
Ethernet PHY Transeiver Series
USB Storage Bridge Controller Series
UHD STB SoC Series
Automotive Ethernet PHY Series
Automotive Ethernet Highly-Integrated Switch Controller Series
Integrated OFDMA Wireless LAN (WLAN) and Bluetooth Network Controller Series
WLAN 802.11ax Dual-Band Access Point/Router SoC Series
Low-Power and Multifunction IoT SoC Series
IoT AI Wireless Network Camera SoC Series
Bluetooth 5.2 LE SoC and Bluetooth 5.2 Audio SoC Series
GNSS (Global Navigation Satellite System) IC Series

Multi-Port Ethernet PHY Chipset Series
Multi-Port Ethernet Switch Controller Chipset Series
Multi-Port Ethernet Managed Switch Controller Chipset Series
Highly-Integrated PON SOC Series
Multi-Port PSE Controller Series

Computer Peripheral and Smart Interconnect Products:
HD-A Audio Codec Series
USB 2.0 Low-Power Audio Codec Series
Mini DSP (Digital Signal Processor) Series for Voice Input Processing
SoundWire Audio Codec Series
Single-Chip Audio Codec with Power Amplifier Series for Mobile Device
Hi-Fi Audio Codec with DSP Series for Mobile Devices
Mobile Devices High Definition, High Efficiency Class-D Audio Amplifier with Equalizer and Speaker Protection Series
I2S Class-D Amplifier Series
High Voltage Class-D Audio Amplifier Series
SoundWire Class-D Audio Amplifier Series
Embedded USB Interface Image Signal Processor Chip with Edge AI Engine Series
USB2.0 Fingerprint Controller Series
Highly-Integrated 5MP Edge AI IP Camera SoC Series
USB 3.0 Card Reader Controller Supporting Intel NB Power Saving Specification Series
PCIe Card Reader IC Supporting SD 8.0 for Series Notebook Computers
4-Port USB 3.2 Gen 2 Hub Controller Series
7-Port USB 3.2 Gen 2 Hub Controller Series

Multimedia Products:
Integrated High Resolution Gaming LCD Controller Series
Integrated LCD Controller Series
DisplayPort Video Translator Series
DisplayPort MST Hub Controller Series
High-End Smart Connected LCD TV SoC Series
Intelligent Display SoC Series
8K LCD TV Video Decoder and Processing Chip Series
Super Resolution Image Enhancement SoC Series

4、Long-Term and Short-Term Business Development Plan

(1) Short-term Business Development Plan:

i. Continue to use the Company’s innovation framework to lower chip capital costs, in order to ensure competitive prices and raise profit margins.

ii. In addition to maintaining current market share, expand overall market share through new product launches and providing various sales combinations and distribution strategies.

iii. In accordance with the needs of major customers, assist in integrating product logistics support systems and provide the best marketing services to win customer trust and meet

customer needs.

iv. Participate in international exhibitions and product evaluation conferences to increase the exposure of new products and show off product quality.

(2) Long-term Business Development Plan

i. Participate in formulating and promoting international standards to acquire related product and technical information in advance, thus accelerating Time-to-Market. Participating in the evaluation and selection of the test platforms for the standard organizations to make Realtek an industry benchmark in interoperability testing.

ii. For high market share products, in addition to stabilizing market share and ensuring good quality, establish a global service and technology network. For products with lower market share, actively develop new customers and expand new markets and marketing channels to meet the goal of increasing overall market share.

iii. Hold product launch events and technical seminars regularly in response to regional market needs, or establish relationships directly with brand owners and discuss their future product needs to strengthen customer relationships.

II. Marketplace and Production Overview

1. Market Analysis

(1) Major Product Sales Regions

Unit: NT$ thousands

Sales Region	2021		2022	
	Sales Amount	Percentage	Sales Amount	Percentage
Taiwan	48,015,150	45.51%	48,934,459	43.77%
Asia	56,984,374	54.01%	61,794,824	55.28%
Other	504,762	0.48%	1,060,508	0.95%
Total	105,504,286	100.00%	111,789,791	100.00%

(2) Market Share

Realtek is one of the world's leading IC suppliers, designing and developing a variety of IC products in wired and wireless communication networks, computer peripheral IC products, and multimedia applications. According to Digitimes, Realtek ranked 7th worldwide in terms of revenue among global IC design companies in 2022.

(3) Future Market Supply and Demand and Growth Characteristics

In the post-pandemic era, people rely more on the Internet of Things (IoT) and cloud services due to changes in lifestyle and work patterns. Many electronic products, home appliances, and even vehicles have a strong demand for both wired and wireless network solutions, including broadband products such as IP-STB, Cable Modem, and PON, as well as consumer electronics such as game consoles, smart TVs, printers, refrigerators, air conditioners, voice-controlled smart speakers, IP cameras, cleaning robots, drones, projectors, consumer or industrial robots, industrial control, and even cars with built-in Ethernet, Wi-Fi, or Bluetooth. With more and more devices connected wirelessly, combined with the popularity of smartphones and cloud services, mixed applications such as IoT and artificial intelligence will be an important driving force for the next wave of Wi-Fi and Bluetooth growth. At the same time, the improvement in wireless connection speed is driving the upgrade of wired networks and broadband. The era of Multi-GbE networks has arrived. Wi-Fi 6 wireless access point/router equipped with WAN and LAN ports, PON optical network, TV cable modem network user, telephone DSL subscriber, 5G CPE, network storage devices (NAS), gaming and commercial PCs, expansion network cards, and USB-to-Ethernet accessories have all been upgraded to 2.5Gbps Ethernet networks or higher speed Ethernet. Another growth driver for the Ethernet market comes from the internet of vehicles, where trends in autonomous vehicles and electric cars have led to a significant increase in vehicle data streams, and environmentally friendly initiatives that emphasize weight reduction and energy savings, making Ethernet the backbone network inside the cars.

The demand for OTT set-top boxes and network operator set-top boxes is expected to continue to rise in the future. At the same time, with the growth of UHD TV and the popularization of new generation UHD HDR audio and video content, and the rapid growth in demand for high-speed

networking such as Wi-Fi 5, Wi-Fi 6, and even Wi-Fi 7, coupled with the integration of smart homes and the demand for voice-controlled intelligence, the market demand for high-speed wireless connectivity and edge computing intelligence is growing rapidly. In addition, the operator market is shifting towards an open streaming media ecosystem, driving the growth of IP set-top box chip demand. Realtek will develop highly integrated and cost-effective multimedia controllers with new functions, combined with Realtek's network communication chips, to provide customers with total solutions that combine software and hardware advantages, helping customers seize business opportunities.

IP cameras are an important part of the IoT. When combined with remote or mobile access, artificial intelligence (AI) such as facial and gesture recognition, AI edge computing, voice and speech recognition, as well as new generation H.265 codec, 360-degree camera, and 3D video techniques, the products are becoming more versatile in applications. In addition to traditional security surveillance, emerging applications such as AI optical recognition, unmanned stores, delivery, and warehousing systems required by Industry 4.0 are all extremely promising.

In recent years, the requirements for voice in PC products have shifted from acoustic frameworks to utilizing voice to achieve various humane-friendly applications. In addition to continuously developing existing voice recognition, voice wake-up, and noise reduction technologies, Realtek has also incorporated deep learning techniques to create a good user experience in voice applications, enabling users to enjoy convenient voice control whether at work or in daily life, while simultaneously creating the best integrated solution for voice and sound quality in the new generation of computer products. Realtek has also developed an audio codec that integrates a power amplifier. In addition to integrating a built-in adaptive boost circuit with a low-power design, the power amplifier also includes related designs that help customers save external components, allowing the new generation of ICs to support a high-voltage (+9V) Class D power amplifier with a protection function. In response to the development of gaming PCs and the pursuit of exceptional sound quality such as Hi-Fi Audio (32bits/384KHz Sample Rate), audio technology development will continue to integrate existing software and hardware advantages to provide customers with the best options for lightweight PC and Hi-Fi audio applications.

The growth opportunities in the LCD monitor market come from new specifications and interface technologies, such as 4K2K, USB Type-C, HDMI 2.1, DP 2.1, HDR, WCG, high frame rate gaming models, etc. Reducing the overall cost and minimizing power consumption are also key development directions. For the 2023 notebook/desktop computer market, the trend of using digital interfaces for video interface connectors remains unchanged, driving the market demand for DisplayPort to HDMI 2.0 interface controllers, high-end DisplayPort to HDMI 2.1 interface controllers, external USB Type-C video converters, and DisplayPort MST hub controllers.

According to market research stastistics by Omdia, the global shipment of LCD TVs in 2022 was estimated to be only 202 million units, a year-over-year decrease of 4.8%. In 2023, due to overall macroeconomic uncertainty, the outlook is conservative. UHD/HDR TVs and smart TVs have become the mainstream products in the market, and the demand for the new 8K TV

standard is expected to gradually grow as panel component costs decline. Google, which dominates the Android TV version of end-point devices, is now more actively promoting new Google TV devices in order to attract more OEMs. Over the long-term, growth in the global LCD television market will continue, and Realtek will continue to actively promote the main markets and provide customers with comprehensive solutions.

(4) Competitive Strengths

i. Advanced core technology: Realtek has excellent radio frequency (RF), analog and mixed-signal circuit design capabilities, IC manufacturing knowledge, system technology, and the mix and match of intellectual property rights to enhance product performance and production yield, thus reducing costs and enhancing product value.

ii. Strong customer base: Realtek's customer base includes leading manufacturers of PCs, motherboard, network system, consumer electronics, and multimedia products. By providing customers with high-value, high-performance, and excellent economic benefits solutions, Realtek endeavors to establish long-term cooperative relationships with customers.

iii. Excellent cost-benefit returns and customer-oriented products: Realtek also specializes at developing cost-effective products and combines chip and system design to provide customers with high-value system integration solutions, and assist customers in quickly launching new products to market.

iv. Experienced R&D and management teams: Realtek's R&D and management teams have extensive experience in the semiconductor industry, and attract excellent technical and management talents to join with an excellent workplace environment and corporate culture.

(5) Future Advantageous and Disadvantageous Factors:

i. Advantageous Factors:

(a) Leading its domestic industry, Realtek has launched a range of communication network, computer peripherals, and multimedia IC products that are competitively priced. Realtek continues to establish advanced core technologies that improve product yield, reduce production costs, and enhance product value.

(b) Realtek maintains good partnerships with wafer foundries, which ensures stable supply of raw materials and cost control.

(c) Realtek actively collaborates with customers to provide the best marketing services, thus establishing a solid customer base.

(d) Experienced R&D and management teams with decision-making authority combined with a corporate culture of mutual support attract talented technical staff.

ii. Disadvantages:

Due to fierce market competition and short product life-cycle, failing to timely introduce new products could cause the company to lose market share, thereby affecting profits

iii. Countermeasures:

(a) Proactively invest in new product development and timely introduce new products to

seize market opportunities.

(b) Proactively improve existing products by increasing yield and performance to reduce costs or enhance product value.

(c) Achieve win-win through comprehensive product services or joint development of new products with customers.

2. Main Applications for Major Products and Production Process

(1) Main Applications

i. Communication network products: routers, switches, home gateways, OTT boxes, wireless network application products, smart-home appliances, game consoles, security surveillance cameras, etc.

ii. Computer peripheral products: desktop computers, notebook computers, card readers, etc.

iii. Consumer electronics products: GPS, mobile electronic devices, mobile phones, tablet computers, etc.

iv. Multimedia products: LCD monitors, multimedia video translators, smart HD TVs, etc.

v. Automotive products: automotive Ethernet, etc.

(2) Production Process

Realtek's main products are designed and commissioned to wafer foundries for production. After the completed wafers are tested, they are sent to an assembly house for packaging. Packaged products then go through final testing.

3. Supply Status of Key Raw Materials

The main raw material of the company is wafers, and the main suppliers include Taiwan Semiconductor Manufacturing Company, United Microelectronics Corporation, and other professional wafer foundries and Outsourced Semiconductor Assembly and Test (OSAT) companies with a high level of quality as well as process, assembly, and test capabilities. In 2022, the semiconductor industry faced inventory adjustment challenges due to the impact of the pandemic, war, and macroeconomic factors. To ensure long-term supply stability, Realtek actively deepens its partnerships with wafer foundries and OSAT while securing a stable mid- and long-term supply plan.

4. Suppliers' Name of purchase equal to or over 10% of the total purchase in any of the last two years

Major suppliers in the last two years

Unit: NT$ thousands

	2021				2022				2023 first Quarter			
Item	Name	Amount	% of Total Purchase	Relation to the Company	Name	Amount	% of Total Purchase	Relation to the Company	Name	Amount	% of Total Purchase	Relation to the Company
1	A	15,541,105	27		A	22,664,980	36		A	961,040	15	
2	C	11,887,976	21		C	11,622,537	19		C	1,824,484	28	
3	B	7,091,591	12		B	11,205,891	18		B	863,261	13	
	Other	23,061,955	40		Other	17,175,882	27		Other	2,828,150	44	
	Total	57,582,627	100		Total	62,669,290	100		Total	6,476,935	100	

There have been few changes in the Company's major suppliers in the last two years.

Major customers in the last two years

Unit: NT$ thousands

	2021				2022				2023 first Quarter			
Item	Name	Amount	% of Total Operating revenue	Relation to the Company	Name	Amount	% of Total Operating revenue	Relation to the Company	Name	Amount	% of Total Operating revenue	Relation to the Company
1	B	24,336,918	23		B	25,425,420	23		B	3,973,031	20	
2	D	22,895,750	22		D	23,180,512	21		D	3,010,517	15	
3	A	16,083,737	15	(note)	A	16,520,851	15	(note)	A	2,510,449	13	(note)
	Other	42,157,881	40		Other	46,663,007	41		Other	10,130,906	52	
	Total Operating revenue	105,504,286	100		Total Operating revenue	111,789,791	100		Total Operating revenue	19,624,903	100	

There have been few changes in the Company's major customers in the last two years.

Note: Other related party.

5. Production Volume and Value in the Past Two Years

Unit: NT$ thousands

Year / Quantity & Value / Major Product	2021			2022		
	Capacity	**Output**	**Value**	**Capacity**	**Output**	**Value**
IC (thousand pieces)	—	3,288,848	56,806,629	—	2,387,388	57,609,463
Total	—	3,288,848	56,806,629	—	2,387,388	57,609,463

6. Sales Volume and Value in the Past Two Years

Unit: NT$ thousands

Year / Quantity & Value / Major Product	2021				2022			
	Domestic		**Export**		**Domestic**		**Export**	
	Quantity	**Sales**	**Quantity**	**Sales**	**Quantity**	**Sales**	**Quantity**	**Sales**
IC (thousand pieces)	1,529,042	49,438,669	1,699,054	60,983,436	1,116,705	50,326,482	1,258,140	65,925,225
Others	—	161,309	—	180,181	—	154,355	—	233,056
Total	1,529,042	49,599,978	1,699,054	61,163,617	1,116,705	50,480,837	1,258,140	66,158,281

Note: Sales volume and value as shown above has not deducted sales returns and allowances.

III. Employees

Employee breakdown over the past two calendar years and up until the date of the Report's publication

Year		2020	2021	As of March 31, 2022
Number	Research and Development	5,655	6,025	6,096
	Administration and Sales	575	592	592
	Production and Testing	212	211	207
	Total	6,442	6,828	6,895
Average Age		35.49	35.73	35.98
Average Years of Service		6.42	6.70	6.81
Education	Ph.D./Master's	71.02%	72.02%	72.35%
	University/College Degree	26.73%	26.00%	25.66%
	High School/Vocational High School Degree	2.25%	1.98%	1.99%

Note: Data are based on the Company's consolidated statements, including employees of the Company and its subsidiaries.

IV. Environmental Expenses

1. The Company did not incur any losses, penalties or liabilities due to environmental pollution during the previous calendar year or up until the date of the Report's publication.

2. The Company passed ISO 14001 Environmental Management Systems certification on September 22, 2006. The ISO 14001 certificate is valid (2020/10/12-2023/10/12).

V. Labor Relations

1. Summary of the Company's employee benefits, continuing education, training, pension plan and implementation results, as well as labor agreements and measures to uphold employee rights.

(1) Wages and Benefits

i. Performance appraisal twice a year for promotion/salary adjustment/bonus.
ii. R&D and patent application training and patent bonuses.
iii. Library of renowned domestic and foreign journals, papers and books, and guidance and incentive bonus system for publication.
iv. R&D project participation based on professional suitability and personal choices.
v. Incentive system for the 'Stimulus for Employee Brain Power Sharing Program'.
vi. Dual track career development to decide on going for R&D management based on ability

and interest.

- vii. Bonus and dividend system based on performance appraisal and comprehensive evaluation of R&D investment.
- viii. Highly competitive salary and fringe benefit system.
- ix. Profit sharing with the Company through salary adjustment, year-end bonus, and employee dividends based on personal performance.
- x. New Year's Day and birthday gift vouchers, as well as a cafeteria benefit plan by the Welfare Committee.
- xi. Paid annual health check-up to assist employees in implementing self-health care management.
- xii. Major holiday bonuses, as well as wedding and funeral subsidies.
- xiii. Professional and diverse intellectual lectures, club activities, ball games, and competition interactions held by the Employee Welfare Committee.
- xiv. Employee Assistance Program providing psychological counseling, legal counseling, and stress relief massage services.
- xv. Employee restaurants, cafes, and convenience stores for diversified dining services at a discount.
- xvi. Employee group insurance to strengthen the work and life protection in addition to labor insurance and national health insurance.
- xvii. Realtek gymnasium for exercise, reading, games, and health management.

(2) Realtek Educational Training, and Development

Talent is a key requirement for building intellectual power, blazing competitive new trails, and fostering sustainable operations. The Company's greatest assets in these pursuits are the professionals of various fields who compose its workforce. In order to sustain competitiveness and develop new talent, the Company founded the Realtek Corporate University, which offers classes covering topics such as professional R&D, leadership development, organizational operations, and spontaneous learning. This initiative is part of the comprehensive education and training plans the Company offers to help all employees raise their capabilities to new heights.

i. New Employee Training Camps

Orientation for new employees focuses on teamwork, innovation and vitality to help new team members quickly adapt to the Company's corporate lifestyle and culture.

ii. Professional R&D Training

Each year the Company holds more than 260 education and training courses for new R&D staff to quickly raise their professional capabilities. It invites R&D experts from Taiwan and overseas to share their knowledge and techniques. Employees can also join fully subsidized external training courses.

iii. Management and Leadership Training

Besides providing management training to employees based on their rank and role, the Company fully subsidizes training classes for employees at external institutions.

iv. Self-Study and Development

The Company offers open, diverse study environments and contents. It maintains awareness

of employees' learning and development while taking into account their professional needs and lifestyle aspirations. Diversity, timeliness, and convenience are distinguishing features of our planning.

v. Tailored Professional Development Plans

A combination of traditional and on-line classes offers flexible professional development plans tailored to the specific needs of every employee. Raising the R&D capabilities of each individual and team gives the Company a workforce with diverse professional knowledge.

(3) Pension System

The Company established pension plans and created a Supervisory Committee of Labor Retirement Reserve to manage pension payments for regular employees in accordance with the 'Labor Standards Act'. From 1995, it appropriated labor pension reserve funds each month based on pension actuarial evaluations. From July 1, 2005, it utilized a defined contribution system for employees who are ROC nationals in accordance with the 'Labor Pension Act'. At least 6% of the worker's monthly wages are paid into his or her Individual Account of Labor Pension at the Bureau of Labor Insurance. Employees receive monthly retirement payments calculated based upon their individual account balance and other factors, or claim their pension in a lump-sum payment.

(4) Labor Agreements and Upholding Worker Rights

i. The Company's intranet offers a forum that gives employees immediate access to management.
ii. The Company holds worker-employer meetings as a positive mechanism for communication.
iii. The Company set up two-way communication channel (CEO mailbox) for employees to offer their opinions to management.
iv. At regular departmental/unit meetings, employees can voice their opinions on problems.
v. The Company has a sexual harassment prevention hotline and a prevention plan against unlawful violation to provide a safe work environment that puts employees' minds at ease.
vi. The Company has an Employee Care and Consultation Center to provide individual or team consultation services.
vii. The Occupational Safety and Health Center is responsible for matters related to safe workplaces and health promotion.

2. The Company did not incur any losses due to labor disputes during the past calendar year and up until the date of publication of this Report.

VI. Cyber security management

(I) Cyber security risk management framework, cyber security policies, concrete

management programs, and investments in resources for cyber security management.

'Information security is everyone's responsibility'. In order to protect the security of information assets, including personnel, equipment, systems, information, raw data, and networks, etc., from disclosure, destruction, or loss by external threats or internal personnel abnormal operations, we ensure continuous improvement of risk management, continuous strengthening of governance strategies, personnel training, assessment and review, and information security. Our vision is to create a solid, secure, and reliable enterprise digital environment, and provide a solid foundation for the sustainable operation of said enterprise. The following describes the specific requirements:

Governance Strategy

In order to implement and improve information security, the company formed an Information Security Steering Committee (hereafter referred to as the ISSC). The chairman of the ISSC is the Chief Information Security Officer (CISO) of company. The first-level supervisors of each unit are ex-officio members. A regular ISSC meeting is held every year, and report to board of directors regularly. The mission of the ISSC is to formulate security policies, comprehensively review and supervise the execution of security policies, continuously improve the capabilities of information security protection, and reduce information security risks. The meeting minutes are required to be submitted to the board of directors, and the main items are listed in the company's annual report.

Information Security Organization

The Company has set up a Cyber Security Center (CSC), with the chief information security officer (CISO) as the supervisor. There are four teams under the CISO's jurisdiction: the product development information security division, the industrial network security division, the IT/OT information security division, and the information security education and training team. The responsibilities of CSC includes to formulate policies of the Realtek group's information security, to promote security policies and review of effectiveness of information security objectives, to coordinate cross-functional information security issues, to audit information security of primary and secondary information security units/departments/product lines, to manage various information security certification projects, to coordinate the response to large-scale emergencies, and to audit information security of supply chains and other work.

The ISSC refers to the product development security and network security committee, industrial network data security review committee, IT security resources and technology committee, audits committee, and the defect review and improvement committee. It provides cross-function information security notices, is responsible for security policy review, and promotes information security management.

Employee Training

The information security awareness of enterprise members is the cornerstone of company information security. Over the years, through internal training, members of all functions have become familiar with security related courses. In order to improve the information security DNA, Realtek encourages employees to take the necessary security certification exams, and gives priority to recruiting new personnel who pass the certification exams. An online education system has also been introduced to enable corporate members to more efficiently learn the required security courses. The system also provides unit testing to aid learning. The visibility of high-level managers to the training results is greatly improved by quantifying the learning

results, and integrated reports are automatically generated by the system. This enables easy integration of the learning achievements into the KPI assessment standards.

Assessment & Review

The core of information security management is risk management. In order to construct an intelligent, real-time information security management system, Realtek collects and examines network data flow for anomaly detection and pattern analysis, software updates, and other information gathered by the hardware and software systems of network equipment. Through automation, visualization, and quantifiable control systems, it lays a solid foundation for standard operating procedures for early warning, continuous monitoring, notification of contingency, and assistance with improvement. This system can fully provide required information for event analysis before, during, and after the event.

For accurate quantification, all incidents are marked with severity levels and corresponding scores, and event points will trigger the intelligent system to take action. Relevant personnel are notified in real time and automatically log in to the incident management system. The managers can handle the system from multiple angles through the security management system, which can be used as the basis for future evaluation and assessment of security risks.

Information Security Policy

Security threats are ubiquitous, with countless Internet viruses, Trojan horses, spyware, ransomware, blocking attacks, social engineering, and more. In recent years, due to the rapid development of network connections and bandwidth, coupled with the explosive amount of encrypted data transmission, the huge information flow has prompted the information security system to combine the security framework and corresponding measures to be more effective in providing complete and comprehensive security protection.

a. Front-end users: Front-end users must comply with the security policy, operating system regulations, and domain policy defined by company. Front-end users also need to execute computer system updates to effectively block computer viruses, Trojan horses, and malicious programs, providing the first line of Security protection.
b. Enterprise data center: Enterprise data centers must adopt new generation firewalls to filter encrypted data effectively and instantly, and manage traffic by application type. The firewalls also have to provide the necessary information for the security management system to facilitate automated analysis.
c. Centralization of confidential information: Important confidential information of the company should be stored centralized in specific areas. The latest information security technology should be integrated to manage and monitor access to confidential information. In cases where the confidential information has to be stored out of the specific area, attention should be paid to the protection and management of the access and delivery of the data.
d. Data backup management: Adopt advanced backup system to carry out full backup, incremental backup, off-site, and offline backup for important data according to various timing and management plans. All off-line and off-site backups should be encrypted, and regularly restored to ensure their recoverability.
e. Information Security Management System: Information Security Management System (ISMS) integrates the massive network traffic information of the enterprise, various antivirus systems, anti-hacking systems, and other system logs. The system logs of irregular health check scanning and

penetration testing are processed by big data analysis system. The results are classified and presented to different management members according to different aspects to achieve the goals of information classification, risk classification, and management stratification. Therefore, Realtek can reduce the impact of security threats on corporate operations.

Information Security Risks & Countermeasures

In order to improve the protection capability of information security, Realtek identified information security risks, individually proposed countermeasures, and regularly reviewed their effectiveness.

Identified Information Security Risks	Explanation of Impact Assessment	Response Measure	Performance Management
Personal computer account and password security	Prevent the deliberate theft of trade secrets	Changing the personal computer boot (and e-mail) password regularly.	Regular changing of the password and requiring password of a certain strength.
Information security	Requests to access information systems must go through a formal application process and are logged.	An authorization application access was established for work-related information.	Electronic application for permission by the applicant’s supervisor and the competent unit.
Computer virus protection	Computer viruses are constantly evolving and ransom-ware is difficult to guard against.	The Virus definition files are regularly updated and pushed out to personal computers by the system automatically.	Improve the security of information on personal computers.
Network administration safety	Maintain the firewall to protect against malicious attacks.	Update firmware and backup configuration regularly.	Improve the quality of data transmission through the network.
Safety of external network access	Prevent and redirect access to malicious domains and IP addresses, restrict improper data transfers by malware, network phishing, and Command & Control (C&C) of zombie networks.	Adopt Enterprise Threat Protector (ETP) mechanism.	Strengthen access security for external networks.

(II) Losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None

VII. Significant Agreements

Agreement Type	Signatory	Contract Validity	Summary	Limitations
Rental Agreements 4 Items	Hsinchu Science Park Bureau	Sep, 2003~Dec, 2022 Mar, 2014~Dec, 2027 Sep, 2019~Dec, 2038 Feb, 2020~Dec, 2039	The lessee shall build a factory, warehouse, or laboratory or use the site for storage and delivery, loading and unloading, packaging, or repairs and maintenance.	The site must be used to build a factory, warehouse, or laboratory, or to conduct business-related tasks such as storage and delivery, loading and unloading, packaging, or repairs and maintenance.

Financial Status, Operating Results and Status of Risk Management

I. Financial Status

Unit: NT$ thousands

Item \ Year	2022	2021	Changes	% of Changes
Current Assets	95,491,681	86,245,402	9,246,279	10.72%
Non-current assets	18,208,846	14,986,511	3,222,335	21.50%
Total assets	113,700,527	101,231,913	12,468,614	12.32%
Current liabilities	62,544,727	58,820,923	3,723,804	6.33%
Non-current liabilities	4,392,850	3,458,666	934,184	27.01%
Total Liabilities	66,937,577	62,279,589	4,657,988	7.48%
Share capital	5,128,636	5,106,849	21,787	0.43%
Capital surplus	1,045,147	1,101,079	(55,932)	-5.08%
Retained earnings	37,893,274	34,510,813	3,382,461	9.80%
Other equity	2,686,175	(1,776,090)	4,462,265	251.24%
Non-controlling interest	9,718	9,673	45	0.47%
Total Equity	46,762,950	38,952,324	7,810,626	20.05%

Analysis of Changes equal to or over 20%

1. Increase in Non-current assets: Mainly due to increase in other non-current assets and acquisition of property, plant and equipment.
2. Increase in Non-current liabilities: Mainly due to increase in long-term loans.
3. Increase in other equity: Mainly due to increase in financial statements translation differences of foreign operations.

II. Operational Results

Unit: NT$ thousands

Item / Year	2022	2021	Changes	% of Changes
Operating revenue	111,789,791	105,504,286	6,285,505	5.96%
Operating costs	(57,154,955)	(52,315,883)	(4,839,072)	9.25%
Gross profit	54,634,836	53,188,403	1,446,433	2.72%
Operating expenses	(38,910,838)	(35,863,507)	(3,047,331)	8.50%
Operating income	15,723,998	17,324,896	(1,600,898)	-9.24%
Non-operating income and expenses	1,197,861	249,826	948,035	379.48%
Profit before income tax, net	16,921,859	17,574,722	(652,863)	-3.71%
Income tax expense	(717,715)	(721,911)	4,196	-0.58%
Net income for the year	16,204,144	16,852,811	(648,667)	-3.85%

Analysis of Changes equal to or over 20%

1. Increase in non-operating income and expenses: Mainly due to increase in interest income and foreign currency exchange gain.

III. Cash Flow

1. Analysis of the Change in Cash Flow in 2022

Unit: NT$ thousands

The beginning of Cash Balance (1)	Net Cash Provided by Operating Activities (2)	Net Cash Used in Investing and Financing Activities (3)	The end of Cash Balance (1)+(2)-(3)	Remedy for Cash Shortage	
				Investment plan	Financial leverage plan
7,197,351	19,058,169	12,501,485	13,754,035	—	—

Analysis of the Change in Cash Flow:

(1) Operating activities: Net cash inflow is mainly due to increase in operating profit.

(2) Investing activities: Net cash outflow is mainly due to acquisition of property, plant and equipment and intangible assets

(3) Financing activities: Net cash outflow is mainly due to distribution of cash dividends.

2. Cash Flow Projection for Next Year: Not applicable.

IV. Impact on Financial and Business associated with Major Capital Expenditures in recent years: None.

V. Investment Policies in recent years, the reasons for losses and plans to improve for next year:

Our investment policies are based on strategic investments. The investment losses accounted for under the equity method in 2022 was approximately NT$20,723 thousand. We will continuously focus on strategic investment and prudently evaluate investment plans in the future.

VI. Risk Items

1. The effect upon the profits (or losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

   Our exposure to interest rate risks arises from time deposits, short-term loans and long-term loans with floating rates, which are not significant and are normally incurred to support our operating activities. The Realtek Group is a multinational group in the Electronics industry. Currently, the majority of our revenues are denominated in USD. Our operating expenses are incurred in several currencies, primarily in USD, NTD, and RMB. After offsetting assets and liabilities between the currencies, the natural hedge is used to reduce the foreign exchange risk. Inflation risk does not have a significant impact on the results of our operating activities.

2. The policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements and guarantees, and derivatives transactions, the main reasons for the profits/losses generated thereby, and response measures to be taken in the future:

   The Realtek Group adopts a conservative investment policy and does not engage in high-risk investments or highly leveraged investments.

   The Realtek Group has formulated its procedures for Loaning Funds to Others, Procedures for Endorsements and Guarantees, and Procedures for Financial Derivatives Transactions in compliance with these Regulations. These procedures are aimed at improving operational performance and reducing financial risk.

3. Future R&D plans and expected R&D spending:

   We will continuously research in chips regarding the area of communication networks, computer peripherals, multimedia, connected media and smart interconnect. In addition, we will actively recruit outstanding R&D talents and invest in the best R&D resources and develop key technologies or obtain necessary licensed technology. The expected R&D spending for next year will be approximately NT$295 billion.

4. Impact on finance and business associated with changes in domestic and foreign regulations and laws, and corresponding reactions: None.

5. Impact on finance and business associated with new technology and industry changes, and corresponding reactions:

   We pay attention to the trend of future technology at all times. We not only focus on the timely launch new products, but also continuously enhance product functions and technical specifications in line with market trends and customer needs in order to strength our competitiveness and increase our market share.

6. Impact on Company's crisis management associated with changes in corporate image, and corresponding reactions:

   Our corporate culture is 'self-confidence and trust in people'. Integrity is the central core of our corporate culture. We will maintain our good standing according to our corporate culture.

7. Risks and expected benefits associated with mergers and acquisitions, and corresponding reactions: None.

8. Risks and expected benefits associated with facility expansion, and corresponding reactions: In order to meet the needs of future growth and operating development, we will assess the demand of plant expansion with its associated benefits and risks, then take necessary actions to achieve the company's operational goals.

9. Risks associated with Purchase and sales Concentration and corresponding reactions: The Company's raw material is wafer. We have maintained a good cooperative relationship with foundries. For wafer purchases, we have not concentrated on a single foundry. Moreover, we also have not concentrated on a single customer and the collection period is implemented in accordance with company policies and there is no abnormal situation.

10. Impact and risks to the Company associated with significant transfer of shares by the Company's Directors and major Shareholders who own 10% or more of the Company's outstanding shares, and corresponding reactions: None.

11. Impact to the Company associated with change in management, and corresponding reactions: None.

12. Litigious and non-litigious matters:
The company is currently in major litigation, non-litigation, or administrative disputes：
(1) In 2020, Divx, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On July 4, 2021, DivX terminated the investigation against the Company in ITC.
(2) In 2020, KONINKLIJKE PHILIPS N.V. and PHILIPS NORTH AMERICA LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On March 23, 2022, ITC issued the final determination finding non-infringement for the accused Company's IC products and non-existence of the required domestic industry.
(3) Future Link Systems, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court for the Western District of Texas against the Company's IC products. Due to the Plaintiff/ Complainant's withdrawal of its patent infringement complaints, the patent infringement cases have been terminated.
(4) BANDSPEED, LLC brought an action for patent infringement in United States District Court for the Western District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.
(5) Advanced Micro Devices, Inc./ ATI Technologies ULC brought an action for patent infringement in United States International Trade Commission ("ITC") and United States District Court for the Eastern District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

(6) American Patent LLC brought an action for patent infringement in United States District Court for the Eastern District of Texas against the Company’s IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

13. Other important risks and measures: None

VII. Other Material Events: None.

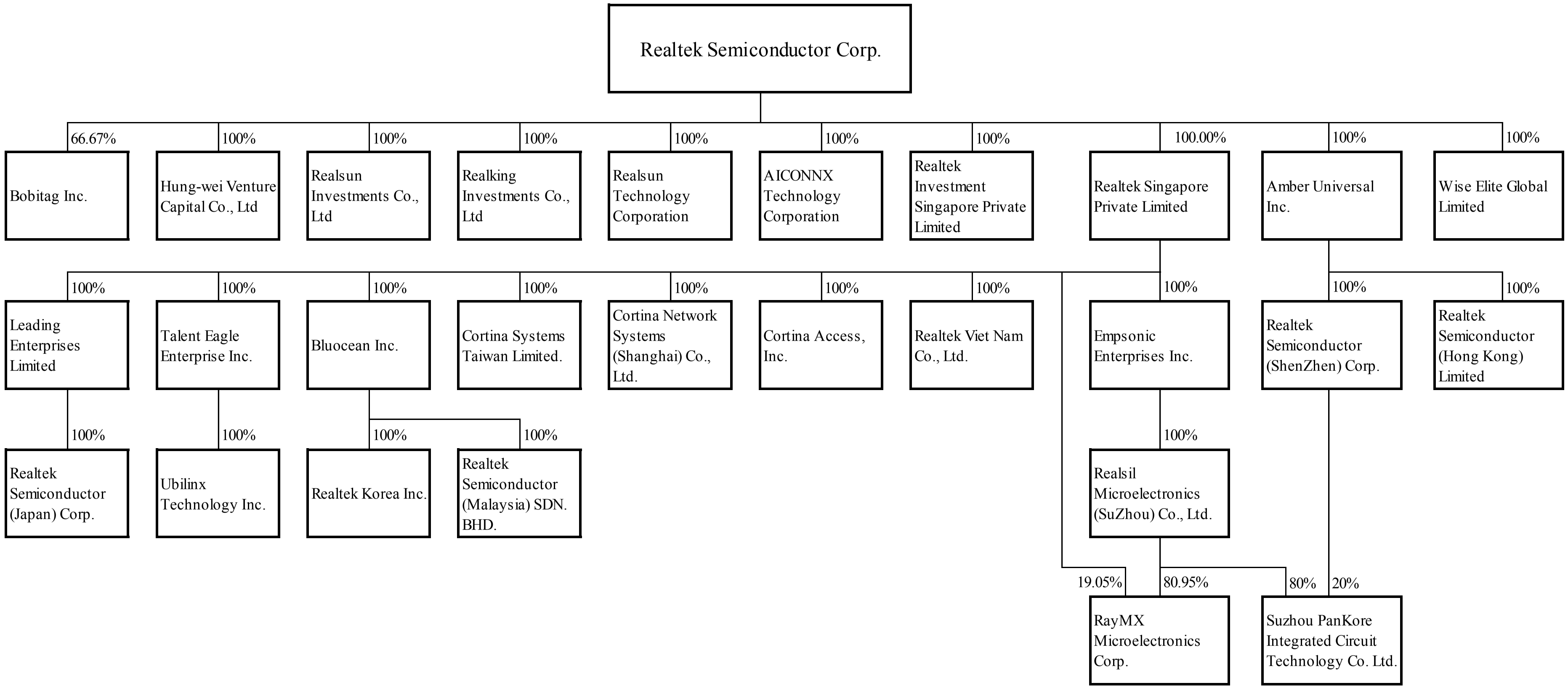
Special Items

I. Information of Affiliated Companies

1. Consolidated Business Report of the Affiliated Companies

1.1. Chart of the Affiliated Companies

Mar. 31, 2023



1.2. Basic information of the Affiliated Companies

Unit: dollars / Dec. 31, 2022

Company Name	Date of Incorporation	Place of Registration	Paid-in Capital	Main Business Activities
Leading Enterprises Limited	1998.04	British Virgin Islands	US$34,630,000	Investment holdings
Amber Universal Inc.	1998.10	British Virgin Islands	US$41,432,000	Investment holdings
Wise Elite Global Limited	2023.02	British Virgin Islands	US$1,000,000	Investment holdings
Empsonic Enterprises Inc.	2002.06	Mauritius	US$28,250,000	Investment holdings
Bluocean Inc.	2016.02	Cayman Islands	US$110,050,000	Investment holdings
Talent Eagle Enterprise Inc.	2016.02	Cayman Islands	US$114,100,000	Investment holdings
Realsun Investments Co., Ltd	1998.06	Taiwan	NT$280,000,000	Investment holdings
Hung-wei Venture Capital Co., Ltd	1999.12	Taiwan	NT$250,000,000	Investment holdings
Realking Investments Co., Ltd.	2000.04	Taiwan	NT$293,929,850	Investment holdings
Realsun Technology Corporation	2004.12	Taiwan	NT$5,000,000	Design of integrated circuits, manufacturing of information software and electronic materials, sale and wholesale
Bobitag Inc.	2012.12	Taiwan	NT$28,783,650	Manufacture and installation of computer equipment and wholesale, retail and related service of electronic materials and information/software
Cortina Systems Taiwan Limited.	2015.04	Taiwan	NT$211,300,000	R&D and technical support
AICONNX Technology Corporation	2021.12	Taiwan	NT$20,000,000	Design of integrated circuits, manufacturing of information software and electronic materials, sale and wholesale
Realtek Semiconductor (Japan) Corp.	2001.12	Japan	JPY$20,000,000	Information collection and technical support
Realtek Semiconductor (Hong Kong) Limited	1996.01	Hong Kong	HK$1,500,000	Information services and technical support
Realtek Semiconductor (ShenZhen) Corp.	2004.07	China	US$5,000,000	R&D and technical support
Cortina Network Systems (Shanghai) Co., Ltd.	2015.04	China	US$1,650,000	R&D and technical support
Realsil Microelectronics (SuZhou) Co., Ltd.	2001.12	China	US$28,000,000	R&D and technical support
RayMX Microelectronics Corporation	2018.12	China	CNY26,250,000	Design of integrated circuits, manufacturing of information software and electronic materials, sale and wholesale
Suzhou PanKore Integrated Circuit Technology Co., Ltd.	2020.07	China	CNY10,000,000	Design of integrated circuits, manufacturing of information software and electronic materials, sale and wholesale
Realtek Investment Singapore Private Limited	2016.08	Singapore	US$200,000,000	Investment holdings
Realtek Singapore Private Limited	2013.10	Singapore	US$116,059,638	Design of integrated circuits, manufacturing of information software and electronic materials, sale and wholesale
Cortina Access, Inc.	2015.04	United States	US$16,892	R&D and technical support
Ubilinx Technology Inc.	2016.08	United States	US$60,000,000	R&D and technical support
Realtek Viet Nam Co., Ltd	2018.09	Vietnam	US$4,000,000	R&D and technical support
Realtek Semiconductor (Malaysia) SDN. BHD.	2020.06	Malaysia	US$2,500,000	R&D and technical support
Realtek Korea Inc.	2022.01	South Korea	KRW2,000,000,000	R&D and technical support

1.3. The shareholders in common of the Affiliates presumed to have a relationship of control and subordination: None.

1.4. The industries covered by the business operated by the affiliates overall

Mar. 31, 2023

Company Name	Main Business Activities	Division of Work Among the Affiliates
Leading Enterprises Limited	Investment holdings	Not applicable
Amber Universal Inc.	Investment holdings	Not applicable
Wise Elite Global Limited	Investment holdings	Not applicable
Empsonic Enterprises Inc.	Investment holdings	Not applicable
Bluocean Inc.	Investment holdings	Not applicable
Talent Eagle Enterprise Inc.	Investment holdings	Not applicable
Realsun Investments Co., Ltd	Investment holdings	Not applicable
Hung-wei Venture Capital Co., Ltd	Investment holdings	Not applicable
Realking Investments Limited	Investment holdings	Not applicable
Realsun Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	Not applicable
Bobitag Inc.	Manufacture and installation of computer equipment and wholesale, retail and related service of electronic materials and information/software	Not applicable
Cortina Systems Taiwan Limited.	R&D and technical support	Provide R&D and technical services
AICONNX Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	Not applicable
Realtek Semiconductor (Japan) Corp.	Information collection and technical support	Provide information collection and technical services
Realtek Semiconductor (Hong Kong) Limited	Information services and technical support	Not applicable
Realtek Semiconductor (ShenZhen) Corp.	R&D and technical support	Provide R&D and technical services
Cortina Network Systems (Shanghai) Co., Ltd.	R&D and technical support	Provide R&D and technical services
Realsil Microelectronics (SuZhou) Co., Ltd.	R&D and technical support	Provide R&D and technical services
RayMX Microelectronics Corporation	ICs manufacturing, design, research, development, sales, and marketing	Not applicable
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	Not applicable
Realtek Investment Singapore Private Limited	Investment holdings	Not applicable
Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	Not applicable
Cortina Access, Inc.	R&D and technical support	Provide R&D and technical services

Company Name	Main Business Activities	Division of Work Among the Affiliates
Ubilinx Technology Inc.	R&D and technical support	Provide R&D and technical services
Realtek Viet Nam Co., Ltd.	R&D and technical support	Provide R&D and technical services
Realtek Semiconductor (Malaysia) SDN. BHD.	R&D and technical support	Provide R&D and technical services
Realtek Korea Inc.	R&D and technical support	Provide R&D and technical services

1.5. Directors, Supervisors, and Presidents of the Affiliates

Unit: shares/NT$ thousands; %

Company Name	Title (note 1)	Name	Shareholding (note 2)	
			Shares/ Investment Amount	% of Investment Holding
Leading Enterprises Limited	Director	Realtek Semiconductor Corp. (Representative: Yeh, Po-Len)	34,630	100%
Amber Universal Inc.	Director	Realtek Semiconductor Corp. (Representative: Yeh, Po-Len)	41,432	100%
Wise Elite Global Limited	Director	Realtek Semiconductor Corp. (Representative: Chiu, Sun-Chien)	1,000	100%
Empsonic Enterprises Inc.	Chairman	Realtek Singapore Private Limited (Representative: Huang, Yung-Fang)	2,825,000	100%
	Director	Realtek Singapore Private Limited (Representative: Yen, Kuang-Yu)	2,825,000	100%
	Director	Realtek Singapore Private Limited (Representative: Lin, Tsung-Ming)	2,825,000	100%
Bluocean Inc.	Director	Realtek Semiconductor Corp. (Representative: Chiu, Sun-Chien)	110,050,000	100%
Talent Eagle Enterprise Inc.	Director	Realtek Semiconductor Corp. (Representative: Chiu, Sun-Chien)	114,100,000	100%
Realsun Investments Co., Ltd	Chairman and President	Realtek Semiconductor Corp. (Representative: Huang, Yee-Wei)	28,000,000	100%
	Director	Realtek Semiconductor Corp. (Representative: Huang, Yung-Fang)	28,000,000	100%
	Director	Realtek Semiconductor Corp. (Representative: Chern, Kuo-Jong)	28,000,000	100%
	Supervisor	Realtek Semiconductor Corp. (Representative: Chiang, Ting-Chi)	28,000,000	100%
Hung-wei Venture Capital Co., Ltd	Chairman	Realtek Semiconductor Corp. (Representative: Yeh, Po-Len)	25,000,000	100%
	Director and President	Realtek Semiconductor Corp. (Representative: Chiu, Sun-Chien)	25,000,000	100%
	Director	Realtek Semiconductor Corp. (Representative: Huang, Yung-Fang)	25,000,000	100%
	Supervisor	Realtek Semiconductor Corp. (Representative: Chiang, Ting-Chi)	25,000,000	100%
Realking Investments Co., Ltd.	Chairman	Realtek Semiconductor Corp. (Representative: Yeh, Po-Len)	29,392,985	100%

Company Name	Title (note 1)	Name	Shareholding (note 2)	
			Shares/ Investment Amount	% of Investment Holding
Realking Investments Co., Ltd.	Director and President	Realtek Semiconductor Corp. (Representative: Chiu, Sun-Chien)	29,392,985	100%
	Director	Realtek Semiconductor Corp. (Representative: Huang, Yung-Fang)	29,392,985	100%
	Supervisor	Realtek Semiconductor Corp. (Representative: Chiang, Ting-Chi)	29,392,985	100%
Realsun Technology Corporation	Chairman	Realtek Semiconductor Corp. (Representative: Yeh, Po-Len)	500,000	100%
	Director	Realtek Semiconductor Corp. (Representative: Chiu, Sun-Chien)	500,000	100%
	Director	Realtek Semiconductor Corp. (Representative: Huang, Yung-Fang)	500,000	100%
	Supervisor	Realtek Semiconductor Corp. (Representative: Chern, Kuo-Jong)	500,000	100%
Bobitag Inc.	Chairman	Realtek Semiconductor Corp. (Representative: Chiang, Ting-Chi)	1,918,910	66.67%
	Director	Realtek Semiconductor Corp. (Representative: Lu, Shiu-Hung)	1,918,910	66.67%
	Director	Realtek Semiconductor Corp. (Representative: Chan, Te-Chuan)	1,918,910	66.67%
	Supervisor	Guo, Yu-zhi	-	-
Cortina Systems Taiwan Limited.	Chairman	Realtek Singapore Private Limited (Representative: Huang, Yung-Fang)	21,130,000	100%
	Director	Realtek Singapore Private Limited (Representative: Yen, Kuang-Yu)	21,130,000	100%
	Director	Realtek Singapore Private Limited (Representative: Hsiao, Wang-Mien)	21,130,000	100%
	Supervisor	Realtek Singapore Private Limited (Representative: Fu, Ying-Chi)	21,130,000	100%
AICONNX Technology Corporation	Chairman	Realtek Semiconductor Corp. (Representative: Chiu, Sun-Chien)	2,000,000	100%
	Director	Realtek Semiconductor Corp. (Representative: Chern, Kuo-Jong)	2,000,000	100%
	Director	Realtek Semiconductor Corp. (Representative: Chang Yi-Shu)	2,000,000	100%
	Supervisor	Realtek Semiconductor Corp. (Representative: Chang, Jr-Neng)	2,000,000	100%

Company Name	Title (note 1)	Name	Shareholding (note 2)	
			Shares/ Investment Amount	% of Investment Holding
Realtek Semiconductor (Japan) Corp.	Director and President	Cheng, Shu-Chien	-	-
	Director	Chiu, Sun-Chien	-	-
	Director	Huang, Yung-Fang	-	-
	Supervisor	Chiang, Ting-Chi	-	-
Realtek Semiconductor (Hong Kong) Limited	Director	Amber Universal Inc. (Representative: Yeh, Po-Len)	HK$1,500,000	100%
	Director	Lin, Ying-Hsi	-	-
Realtek Semiconductor (ShenZhen) Corp.	Director and President	Chern, Kuo-Jong	-	-
Cortina Network Systems (Shanghai) Co., Ltd.	Director	Zeineddine Chair	-	-
	Supervisor	Ke, Chieh-Yuan	-	-
Realsil Microelectronics (SuZhou) Co., Ltd.	Chairman and President	Yeh, Ta-Hsun	-	-
	Director	Lin, Ying-Hsi	-	-
	Director	Chiou, Mhu-Hsiu	-	-
	Supervisor	Lu, Shiu-Hung	-	-
RayMX Microelectronics Corporation	Chairman	Tsai, Jon-Jinn	-	-
	Director and President	Zhu, Ying-hui	-	-
	Director	Su, Chu-Ting	-	-
	Director	Chen, Chih-tung	-	-
	Director	Chien, Chih-Ching	-	-
	Supervisor	Chang, Jr-Neng	-	-

Company Name	Title (note 1)	Name	Shareholding (note 2)	
			Shares/ Investment Amount	% of Investment Holding
RayMX Microelectronics Corporation	Supervisor	Liu, Shuan-Ta	-	-
	Supervisor	Wu, Wen-Bin	-	-
Suzhou PanKore Integrated Circuit Technology Co., Ltd.	Chairman	Huang, Yung-Fang	-	-
	Director and President	Peng, Zuo-Hui	-	-
	Director	Yen, Kuang-Yu	-	-
	Director	Shen, Jia-Qing	-	-
	Director	Liu Yong	-	-
	Supervisor	Lin, Hou-Wei	-	-
	Supervisor	Li, Chao-Ming	-	-
	Supervisor	Lu, Shiu-Hung	-	-
Realtek Investment Singapore Private Limited	Chairman	Huang, Yung-Fang	-	-
	Director and President	Yen, Kuang-Yu	-	-
	Director	Chang, Jr-Neng	-	-
Realtek Singapore Private Limited	Chairman	Huang, Yung-Fang	-	-
	Director and President	Yen, Kuang-Yu	-	-
	Director	Lin, Tsung-Ming	-	-
Cortina Access, Inc.	Director	Huang, Yung-Fang	-	-
	Director	Yen, Kuang-Yu	-	-
	Director	Zeineddine Chair	-	-
Ubilinx Technology Inc.	Chairman	Chiang, Ting-Chi	-	-

Company Name	Title (note 1)	Name	Shareholding (note 2)	
			Shares/ Investment Amount	% of Investment Holding
Ubilinx Technology Inc.	Director	Fu, Ying-Chi	-	-
	Director	Lin, Chia-Liang	-	-
Realtek Viet Nam Co., Ltd.	Director	Soh Wei Kwek	-	-
	Director	Kao Shu-yi	-	-
	Director	Nguyen Phuoc Vinh Thang	-	-
Realtek Semiconductor (Malaysia) SDN. BHD.	Director	Chang Yi-Shu	-	-
	Director	Fu, Ying-Chi	-	-
	Director	Lau Lai Li	-	-
Realtek Korea Inc.	Director and President	Chang Yi-Shu	-	-
	Director	Chiang, Ting-Chi	-	-
	Director	Byung-gi Park	-	-
	Supervisor	Fu, Ying-Chi	-	-

Note 1: If the affiliates are foreign companies, list the same positions as domestic.
Note 2: The shares are the total of shareholdings directly or indirectly held; if the affiliates do not issue shares, the shareholdings are presented by the investment amount.
Note 3: The above information up to March 31, 2023

1.6. Operation Highlights of the Affiliates

Unit: NT$ thousands / Dec. 31, 2022

Company	Paid in Capital	Assets	Liabilities	Equity	Operating revenue	Operation Income	Net Income for the year (After Taxes)	EPS (After Taxes)
Leading Enterprises Limited	1,063,418	18,155,520	3,867,825	14,287,695	0	(214,654)	(76,336)	-
Amber Universal Inc.	1,272,294	6,269,704	2,533,864	3,735,840	0	(13,316)	69,393	-
Circon Universial Inc.	9,212	7,950	0	7,950	0	(100)	45	-
Empsonic Enterprises Inc.	867,501	2,138,374	0	2,138,374	0	(87)	138,531	-
Bluocean Inc.	3,379,415	3,506,802	0	3,506,802	0	(21,380)	(33,218)	-
Talent Eagle Enterprise Inc.	3,503,783	4,367,535	1,990,525	2,377,010	0	(6,214)	(27,379)	-
Realsun Investments Co., Ltd	280,000	691,341	79	691,262	0	(102)	16,284	0.58
Hung-wei Venture Capital Co., Ltd	250,000	494,711	72,494	422,217	0	(542)	(85,095)	(3.40)
Realking Investments Co., Ltd.	293,930	259,563	131	259,432	0	(46)	(5,547)	(0.19)
Realsun Technology Corporation	5,000	5,030	0	5,030	0	(49)	(37)	(0.07)
Bobitag Inc.	28,784	29,196	41	29,154	0	(76)	276	0.10
Cortina Systems Taiwan Limited.	211,300	152,857	46,784	106,073	185,423	10,496	23,963	1.13
AICONNX Technology Corporation	20,000	35,037	37,130	(2,093)	80,878	(20,854)	(22,073)	(11.04)
Realtek Semiconductor (Japan) Corp.	4,627	5,376	3,405	1,971	63,072	(712)	(176)	-
Realtek Semiconductor (Hong Kong) Limited	5,901	1,121	0	1,121	0	(24)	(23)	-
Realtek Semiconductor (ShenZhen) Corp.	153,540	475,907	164,432	311,475	633,616	33,810	21,793	-
Cortina Network Systems (Shanghai) Co., Ltd.	50,668	221,327	39,619	181,708	152,327	7,260	10,346	-
Realsil Microelectronics (SuZhou) Co., Ltd.	859,824	2,883,179	749,359	2,133,820	2,800,869	153,976	146,081	-
RayMX Microelectronics Corporation	115,838	600,516	217,796	382,720	702,983	(64,749)	(21,114)	-
Suzhou PanKore Integrated Circuit Technology Co., Ltd.	44,129	15,319	157,178	(141,859)	44,714	(79,140)	(83,656)	-
Realtek Investment Singapore Private Limited	6,141,600	6,926,190	232	6,925,958	0	(273)	117,565	-
Realtek Singapore Private Limited	3,563,959	60,633,475	13,521,443	47,112,032	43,227,317	14,668,166	15,285,229	-
Cortina Access, Inc.	519	878,288	57,253	821,035	245,414	16,055	17,389	-
Ubilinx Technology, Inc	1,842,480	408,776	112,484	296,291	614,035	42,682	14,021	-

Company	Paid in Capital	Assets	Liabilities	Equity	Operating revenue	Operation Income	Net Income for the year (After Taxes)	EPS (After Taxes)
Realtek Viet Nam Co., Ltd	122,832	94,761	9,576	85,185	36,138	1,721	2,421	-
Realtek Semiconductor (Malaysia) SDN. BHD.	76,770	68,476	1,108	67,368	15,433	1,010	2,327	-
Realtek Korea Inc.	48,177	81,201	27,154	54,047	132,936	8,647	5,624	-

2. Affiliated Entities Consolidated Financial Statements:

The entities included in the consolidated financial statements are the same as the entities pursuant to the financial accounting standards to be included in the consolidated financial statements of the Parent Company. Therefore, please refer to consolidated financial reports for consolidated financial statement of affiliated entities.

II. Significant events with impact on shareholders' rights or stock price regulated in Article 36-3-2 of the Securities and Exchange Act happened during last year to the date of the annual report printed: None

III. Acquisition or disposal of Realtek shares by subsidiaries during last year to the date of the annual report printed: None

IV. Issuance of private placement securities: None

V. Other Necessary Supplements: None

Financial Information

I. Condensed balance sheet and Statement of Comprehensive Income, independent auditor's name and audit opinion in the recent five years

1. Condensed Balance Sheet

1.1. Condensed Consolidated Balance Sheet (Note1)

Unit: NT$ thousands

Item / Year		2018	2019	2020	2021	2022
Current assets		51,153,278	64,289,591	66,811,913	86,245,402	95,491,681
Property, plant and equipment		3,316,578	3,446,162	4,448,532	6,302,938	7,556,636
Right-of-use assets		-	1,403,245	1,647,241	1,587,910	1,537,328
Intangible assets		1,686,249	1,952,960	2,067,324	2,231,694	2,413,195
Other non-current assets		50,169	61,646	49,319	734,651	2,283,237
Total assets		58,252,314	73,431,830	78,095,917	101,231,913	113,700,527
Current liabilities	Before distribution	32,502,254	43,970,187	46,128,894	58,820,923	62,544,727
	After distribution	36,058,922	49,168,236	53,278,483	71,676,903	(Note)
Non-current liabilities		1,103,161	2,232,959	2,498,277	3,458,666	4,392,850
Total liabilities	Before distribution	33,605,415	46,203,146	48,627,171	62,279,589	66,937,577
	After distribution	37,162,083	51,401,195	55,776,760	75,135,569	(Note)
Equity attributable to owners of the parent company		24,637,292	27,218,985	29,459,081	38,942,651	46,753,232
Share capital		5,080,955	5,080,955	5,106,849	5,106,849	5,128,636
Capital surplus		3,236,659	2,736,854	2,122,008	1,101,079	1,045,147
Retained earnings	Before distribution	15,917,714	19,618,212	23,786,273	34,510,813	37,893,274
	After distribution	12,869,141	15,022,048	17,658,054	21,689,222	(Note)
Other equity interest		401,964	(217,036)	(1,556,049)	(1,776,090)	2,686,175
Treasury shares		—	—	—	—	—
Non-controlling interest		9,607	9,699	9,665	9,673	9,718
Total Equity	Before distribution	24,646,899	27,228,684	29,468,746	38,952,324	46,762,950
	After distribution	21,090,457	22,030,635	22,319,157	26,096,344	(Note)

Note：Pending on approval of shareholders at Annual General Shareholders' Meeting.

1.2. Condensed Balance Sheet – Parent Company

Unit: NT$ thousands

Item \ Year		2018	2019	2020	2021	2022
Current assets		13,962,708	22,953,769	21,247,908	32,551,097	28,362,371
Property, plant and equipment		2,863,756	3,019,258	4,027,004	5,891,478	7,133,169
Right-of-use assets		-	1,091,607	1,390,104	1,357,716	1,331,689
Intangible assets		1,160,549	1,652,722	1,955,629	2,143,811	2,353,616
Other non-current assets		14,444	46,151	34,805	719,802	2,262,850
Total assets		53,992,856	67,445,996	70,040,894	91,738,180	100,934,029
Current abilities	Before distribution	28,733,410	39,316,733	39,289,791	50,500,155	51,232,219
	After distribution	32,290,078	44,514,782	46 439,380	63,356,135	(Note)
Non-current liabilities		622,154	910,278	1,292,022	2,295,374	2,948,578
Total liabilities	Before distribution	29,355,564	40,227,011	40,581,813	52,795,529	54,180,797
	After distribution	32,912,232	45,425,060	47,731,402	65,651,509	(Note)
Share capital		5,080,955	5,080,955	5,106,849	5,106,849	5,128,636
Capital surplus		3,236,659	2,736,854	2,122,008	1,101,079	1,045,147
Retained earnings	Before distribution	15,917,714	19,618,212	23,786,273	34,510,813	37,893,274
	After distribution	12,869,141	15,022,048	17,658,054	21,689,222	(Note)
Other equity interest		401,964	(217,036)	(1,556,049)	(1,776,090)	2,686,175
Treasury shares		—	—	—	—	—
Total Equity	Before distribution	24,637,292	27,218,985	29,459,081	38,942,651	46,753,232
	After distribution	21,080,850	22,020,936	22,309,492	26,086,671	(Note)

Note: Pending on approval of shareholders at Annual General Shareholders' Meeting.

2. Condensed Statement of Comprehensive Income

2.1. Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	2018	2019	2020	2021	2022
Operating revenue	45,805,746	60,744,006	77,759,470	105,504,286	111,789,791
Gross Profit	20,460,870	26,583,316	33,248,739	53,188,403	54,634,836
Operating income	3,764,460	6,330,865	8,639,563	17,324,896	15,723,998
Non-operating income(expenses)	892,741	905,007	716,582	249,826	1,197,861
Net income before income tax, net	4,657,201	7,235,872	9,356,145	17,574,722	16,921,859
Income From Operations of Continued Segments	4,350,781	6,790,375	8,793,526	16,852,811	16,204,144
Income (Loss) From Operations of Discontinued Segments	—	—	—	—	—
Net income for the year	4,350,781	6,790,375	8,793,526	16,852,811	16,204,144
Total Comprehensive income for the year	5,054,264	6,130,163	7,425,261	16,632,770	20,666,409
Net Profit Attributable to: Owner of the Company	4,350,768	6,790,283	8,793,477	16,852,759	16,204,052
Net Profit(loss) Attributable to: Non-controlling interests	13	92	49	52	92
Total Comprehensive Income Attributable to: Owner of the Company	5,054,251	6,130,071	7,425,212	16,632,718	20,666,317
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests	13	92	49	52	92
Earnings per share	8.57	13.36	17.24	33.00	31.62

2.2. Condensed Statement of Comprehensive Income – Parent Company

Unit: NT$ thousands

Item \ Year	2018	2019	2020	2021	2022
Operating revenue	32,194,291	40,845,708	56,426,751	68,352,652	67,491,952
Gross Profit	13,288,095	16,202,655	22,535,979	32,982,757	31,791,493
Operating income	699,986	1,316,005	3,282,942	4,199,739	1,219,484
Non-operating income	3,938,782	5,912,278	6,070,535	13,358,020	15,662,568
Net income before income tax, net	4,638,768	7,228,283	9,353,477	17,557,759	16,882,052
Income From Operations of Continued Segments	4,350,768	6,790,283	8,793,477	16,852,759	16,204,052
Net Income for the year	4,350,768	6,790,283	8,793,477	16,852,759	16,204,052
Other comprehensive income (Loss), net	703,483	(660,212)	(1,368,265)	(220,041)	4,462,265
Total Comprehensive income for the year	5,054,251	6,130,071	7,425,212	16,632,718	20,666,317
Earnings per share	8.57	13.36	17.24	33.00	31.62

3. Name of Auditors and Issued Opinions in the recent five years

Year	Name of Auditors (CPA)	Auditor Opinion
2018	Hsueh, Seou-Hung, Li, Tien-Yi	Unqualified Opinions
2019	Lin, Yu-Kuan, Tsang, Kwok-Wah	Unqualified Opinions
2020	Lin, Yu-Kuan, Cheng, Ya-Huei	Unqualified Opinions
2021	Cheng, Ya-Huei, Lin, Yu-Kuan	Unqualified Opinions
2022	Li, Tien-Yi , Cheng, Ya-Huei	Unqualified Opinions

II. Financial Analysis in the Recent Five Years

1. Consolidated Financial Analysis

Item	Year	2018	2019	2020	2021	2022
Capital Structure	Debt ratio (%)	57.68	62.91	62.26	61.52	58.87
	Long-term fund to Property, plant and equipment (%)	776.40	854.91	718.59	672.87	676.96
Liquidity	Current ratio (%)	157.38	146.21	144.83	146.62	152.67
	Quick ratio (%)	138.43	128.67	125	117.36	110.98
	Times interest earned (times)	34.63	45.46	59.47	171.22	79.82
Operating Performance	Average collection turnover (times)	6.32	6.74	6.4	7.07	7.93
	Average collection days	58	54	57	52	46
	Inventory turnover (times)	3.98	4.57	4.88	3.78	2.36
	Payment turnover (times)	4.64	4.95	4.69	4.63	5
	Average inventory turnover days	92	80	75	97	154
	Fixed assets turnover (times)	14.13	17.96	19.69	19.62	16.13
	Property, plant and equipment turnover (times)	0.82	0.92	1.02	1.17	1.04
Profitability	Return on total assets (%)	8.1	10.54	11.79	18.90	15.27
	Return on stockholders' equity (%)	18.71	26.17	31.01	49.26	37.80
	Profit before tax to paid-in capital (%)	91.65	142.41	183.2	344.14	329.94
	Profit after tax to net sales (%)	9.49	11.17	11.30	15.97	14.49
	Earnings per share (NT$)	8.57	13.36	17.24	33.00	31.62
Cash Flow	Cash flow ratio (%)	25.20	27.86	33.47	31.19	30.47
	Cash flow adequacy ratio (%)	109.92	124.89	143.56	128.26	108.18
	Cash flow reinvestment ratio (%)	17.53	26.05	27.31	23.78	10.16
Leverage	Operating leverage	5.31	4.11	3.79	3.02	3.56
	Financial leverage	1.03	1.02	1.01	1.00	1.01

Analysis of Changes equal to or over 20% in the recent two years:
Decrease in times interest earned: Mainly due to increase in interest expense.
Decrease in Inventory turnover (times) and increase in Average inventory turnover days: Mainly due to increase in inventories.
Decrease in return on stockholders' equity: Mainly due to increase in stockholders' equity.
Decrease in cash flow reinvestment ratio: Mainly due to increase in cash dividends.

2. Financial Analysis-Parent Company

Item	Year	2018	2019	2020	2021	2022
Capital Structure	Debt ratio (%)	54.36	59.64	57.94	57.55	53.67
	Long-term fund to Property, plant and equipment (%)	882.03	931.66	763.62	699.96	696.77
Liquidity	Current ratio (%)	48.59	58.38	54.07	64.45	55.36
	Quick ratio (%)	33.81	43.05	37.77	40.12	31.17
	Times interest earned (Times)	34.55	50.31	66.31	192.93	86.09
Operating Performance	Average collection turnover (Times)	5.66	6.14	6.49	7.07	8.25
	Average collection days	64	59	56	52	44
	Inventory turnover (times)	3.92	4.34	4.91	3.58	2.53
	Payment turnover (times)	4.60	4.87	4.82	4.56	5.63
	Average inventory turnover days	93	84	74	102	144
	Fixed assets turnover (times)	11.61	13.88	16.01	13.78	10.36
	Property, plant and equipment turnover (times)	0.61	0.67	0.82	0.84	0.7
Profitability	Return on total assets (%)	8.57	11.40	12.97	20.94	17.02
	Return on stockholders' equity (%)	18.71	26.18	31.02	49.27	37.81
	Profit before tax to paid-in capital (%)	91.29	142.26	183.15	343.8	329.17
	Profit after tax to net sales (%)	13.51	16.62	15.58	24.65	24
	Earnings per share (NT$)	8.57	13.36	17.24	33.00	31.62
Cash Flow	Cash flow ratio (%)	16.13	10.06	38.88	27.02	28.61
	Cash flow adequacy ratio (%)	74.81	59.46	102.41	95.03	94.87
	Cash flow reinvestment ratio (%)	6.10	1.26	28.10	14.30	1.65
Leverage	Operating leverage	19.19	12.50	6.97	7.88	27.81
	Financial leverage	1.25	1.12	1.04	1.02	1.19

Analysis of Changes equal to or over 20% in the recent two years:
Decrease in quick ratio: Mainly due to decrease in accounts receivable.
Decrease in times interest earned (times): Mainly due to increase in interest expense.
Decrease in Inventory turnover (times) and increase in average inventory turnover days: Mainly due to increase in inventories.
Increase in payment turnover (times): Mainly due to decrease in accounts payable.
Decrease in property, plant and equipment turnover (times): Mainly due to acquisition of property, plant and equipment.
Decrease in return on stockholders' equity: Mainly due to increase in stockholders' equity.
Decrease in cash flow reinvestment ratio: Mainly due to increase in cash dividends.
Increase in operating leverage: Mainly due to decrease in operating income.

Glossary:

1. Capital Structure Analysis:
(1). Debt ratio = Total liabilities / Total assets
(2). Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment
2. Liquidity Analysis:
(1). Current ratio = Current assets / Current liabilities
(2). Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities
(3). Times interest earned = Earnings before interest and taxes / Interest expenses
3. Operating Performance Analysis:
(1). Average collection turnover = Net sales / Average trade receivables
(2). Days sales outstanding = 365 / Average collection turnover
(3). Average inventory turnover = Operating costs / Average inventory
(4). Average payment turnover = operating costs / Average trade payables
(5). Average inventory turnover days = 365 / Average inventory turnover
(6). Property, plant and equipment turnover = Net sales / Average property, plant and equipment
(7). Total assets turnover = Net sales / total assets
4. Profitability Analysis:
(1). Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets
(2). Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent
(3). Net margin = Net income / Net sales
(4). Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding
5. Cash Flow:
(1). Cash flow ratio = Net cash provided by operating activities / Current Liabilities
(2). Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
(3). Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)
6. Leverage:
(1). Operating leverage = (Net sales – variable cost) / Operating income
(2). Financial leverage = Operating income / (Operating income – interest expenses)

III. Has the company or its affiliates experienced financial difficulties in the most recent years up to the date of publication of the 2022 annual report: None.

IV. Audit Committee’s Review Report

Audit Committee’s Review Report

The Company's 2022 business report, financial statements and distribution of retained earnings have been prepared by the Board of Directors. The financial statements also have been audited by Pricewaterhouse Coopers' with the opinion that they present fairly the Company’s financial position, operating performance, and cash flows. The Audit Committee has reviewed the business report, financial statements, and distribution of retained earnings, and found no irregularities. We hereby according to Securities and Exchange Act and Company Act submit this report.

To 2023 Annual Shareholders’ Meeting.

Realtek Semiconductor Corp.

Chairman of the Audit Committee: Chen, Fu-Yen

Feb. 24, 2023

V. Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000267

To the Board of Directors and Shareholders of Realtek Semiconductor Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context

of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(13) of the consolidated financial statements for inventory evaluation policies, Note 5(2) for uncertainty of accounting estimates and assumptions of inventory evaluation and Note 6(6) for the details of inventories.

The Group is primarily engaged in researching, developing, manufacturing, selling of various integrated circuits and related application software. Inventories are stated at the lower of cost and net realizable value. Due to the balances of inventories are significant to the financial statements and the rapid technological changes in the industry, there is a higher risk of decline in market value and obsolescence of inventories. Thus, we considered the evaluation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of accounting policies on the provision of allowance for inventory valuation losses and assessed the reasonableness.
2. Validated the accuracy of inventory aging report, as well as sampled and confirmed the consistency of quantities and amounts with detailed inventory listing, verified dates of movements with supporting documents and ensured the proper categorization of inventory aging report.
3. Evaluated and confirmed the reasonableness of net realizable value for inventories through validating respective supporting documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the consolidated subsidiaries and investments accounted for under equity method were based solely on the reports of other auditors. Total assets

(including investments accounted for under equity method amounting to NT$170,671 thousand and NT$191,377 thousand) of those companies amounted to NT$845,913 thousand and NT$1,220,840 thousand, constituting 0.74% and 1.21% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and total operating revenues both NT$0 thousand, both constituting 0% of the consolidated total operating revenues for the years then ended. Furthermore, according to the reports of other auditors, comprehensive losses of those investments accounted for under equity method amounted to NT$20,723 thousand and NT$12,113 thousand, constituting (0.10%) and (0.07%) of comprehensive incomes for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Realtek Semiconductor Corporation as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Li, Tien-Yi   Cheng, Ya-Huei

For and on behalf PricewaterhouseCoopers, Taiwan

February 24, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 13,754,035	12	$ 7,197,351	7
1110	Financial assets at fair value through profit or loss - current	6(2)	1,563,287	1	1,952,647	2
1136	Financial assets at amortised cost - current	6(4)	41,595,837	37	43,740,876	43
1170	Accounts receivable, net	6(5)	9,418,440	8	12,796,821	13
1180	Accounts receivable, net - related parties	6(5) and 7	2,594,245	2	3,192,184	3
1200	Other receivables		488,769	-	156,928	-
130X	Inventories, net	6(6)	25,552,543	23	16,548,712	16
1410	Prepayments		524,525	1	659,883	1
11XX	**Total current assets**		95,491,681	84	86,245,402	85
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	358,145	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	3,099,759	3	3,644,878	4
1535	Financial assets at amortised cost - non-current	6(4) and 8	618,481	1	80,101	-
1550	Investments accounted for under equity method	6(7)	170,671	-	191,377	-
1600	Property, plant and equipment	6(8)	7,556,636	7	6,302,938	6
1755	Right-of-use assets	6(9)	1,537,328	1	1,587,910	2
1760	Investment property	6(10)	38,416	-	41,641	-
1780	Intangible assets	6(11)	2,413,195	2	2,231,694	2
1840	Deferred income tax assets	6(28)	132,978	-	171,321	-
1900	Other non-current assets		2,283,237	2	734,651	1
15XX	**Total non-current assets**		18,208,846	16	14,986,511	15
1XXX	**Total assets**		$ 113,700,527	100	$ 101,231,913	100

(Continued)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 13,737,994	12	$ 13,342,100	13
2130	Contract liabilities - current	6(21)	117,752	-	211,100	-
2150	Notes payable		-	-	3,276	-
2170	Accounts payable		10,340,079	9	11,105,568	11
2180	Accounts payable - related parties	7	156,296	-	334,413	-
2200	Other payables	6(13)	27,684,495	25	24,645,141	24
2220	Other payables - related parties	7	90,401	-	101,253	-
2230	Current income tax liabilities		1,379,985	1	1,458,340	2
2280	Lease liabilities - current		78,446	-	80,315	-
2300	Other current liabilities	6(21)	8,959,279	8	7,539,417	8
21XX	**Total current liabilities**		62,544,727	55	58,820,923	58
	Non-current liabilities					
2540	Long-term borrowings	6(14)	1,713,316	2	1,002,799	1
2550	Provisions - non-current	6(16)	1,287,710	1	989,475	1
2570	Deferred income tax liabilities	6(28)	62,725	-	103,512	-
2580	Lease liabilities - non-current		1,223,185	1	1,252,390	2
2600	Other non-current liabilities	6(15)	105,914	-	110,490	-
25XX	**Total non-current liabilities**		4,392,850	4	3,458,666	4
2XXX	**Total liabilities**		66,937,577	59	62,279,589	62
	Equity					
	Share capital	6(17)				
3110	Common shares		5,128,636	5	5,106,849	5
	Capital surplus	6(18)				
3200	Capital surplus		1,045,147	1	1,101,079	1
	Retained earnings	6(19)				
3310	Legal reserve		7,262,359	6	5,577,083	5
3320	Special reserve		1,776,089	2	1,556,049	2
3350	Undistributed earnings		28,854,826	25	27,377,681	27
	Other equity	6(20)				
3400	Other equity interest		2,686,175	2	(1,776,090)	(2)
31XX	**Equity attributable to holders of the parent company**		46,753,232	41	38,942,651	38
36XX	Non-controlling interest		9,718	-	9,673	-
3XXX	**Total equity**		46,762,950	41	38,952,324	38
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 113,700,527	100	$ 101,231,913	100

The accompanying notes are an integral part of these consolidated financial statements.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	$ 111,789,791	100	$ 105,504,286	100
5000	Operating costs	6(6) and 7	(57,154,955)	(51)	(52,315,883)	(49)
5950	Gross profit		54,634,836	49	53,188,403	51
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(4,724,569)	(4)	(4,477,084)	(4)
6200	General and administrative expenses		(4,138,151)	(4)	(3,433,308)	(3)
6300	Research and development expenses		(30,081,533)	(27)	(27,949,765)	(27)
6450	Expected credit gains (losses)	12(2)	33,415	-	(3,350)	-
6000	Total operating expenses		(38,910,838)	(35)	(35,863,507)	(34)
6900	Operating income		15,723,998	14	17,324,896	17
	Non-operating income and expenses					
7100	Interest income	6(22)	950,676	1	326,399	-
7010	Other income	6(23)	388,919	-	213,427	-
7020	Other gains and losses	6(24)	96,732	-	(171,247)	-
7050	Finance costs	6(25)	(217,743)	-	(106,640)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(20,723)	-	(12,113)	-
7000	Total non-operating income and expenses		1,197,861	1	249,826	-
7900	**Profit before income tax, net**		16,921,859	15	17,574,722	17
7950	Income tax expense	6(28)	(717,715)	(1)	(721,911)	(1)
8200	**Net income for the year**		$ 16,204,144	14	$ 16,852,811	16
	Other comprehensive income (losses), net	6(20)				
	Components of other comprehensive income (losses) that will not be reclassified to profit or loss					
8316	Unrealised (losses) income from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 988,964)	(1)	$ 995,872	1
	Components of other comprehensive income (losses) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		5,451,229	5	(1,215,913)	(1)
8300	**Other comprehensive income(losses), net**		$ 4,462,265	4	($ 220,041)	-
8500	**Total comprehensive income for the year**		$ 20,666,409	18	$ 16,632,770	16
	Net income attributable to:					
8610	Equity holders of the parent company		$ 16,204,052	14	$ 16,852,759	16
8620	Non-controlling interest		92	-	52	-
	Net income for the year		$ 16,204,144	14	$ 16,852,811	16
	Comprehensive income attributable to:					
8710	Equity holders of the parent company		$ 20,666,317	18	$ 16,632,718	16
8720	Non-controlling interest		92	-	52	-
	Total comprehensive income for the year		$ 20,666,409	18	$ 16,632,770	16
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(29)	$ 31.62		$ 33.00	
9850	Diluted earnings per share	6(29)	$ 30.48		$ 32.38	

The accompanying notes are an integral part of these consolidated financial statements.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent company									
				Retained earnings			Other equity interest				
	Notes	Common shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealised income (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
2021											
Balance at January 1, 2021		$ 5,106,849	$ 2,122,008	$ 5,577,083	$ 217,036	$ 17,992,154	($ 2,940,958)	$ 1,384,909	$ 29,459,081	$ 9,665	$ 29,468,746
Net income for the year		-	-	-	-	16,852,759	-	-	16,852,759	52	16,852,811
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	(1,215,913)	995,872	(220,041)	-	(220,041)
Total comprehensive income (loss)		-	-	-	-	16,852,759	(1,215,913)	995,872	16,632,718	52	16,632,770
Distribution of 2020 earnings											
Special reserve	6(19)	-	-	-	1,339,013	(1,339,013)	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(6,128,219)	-	-	(6,128,219)	-	(6,128,219)
Cash from capital surplus	6(19)	-	(1,021,370)	-	-	-	-	-	(1,021,370)	-	(1,021,370)
Changes in equity of associates accounted for under equity method	6(18)	-	226	-	-	-	-	-	226	-	226
Cash dividends returned	6(18)	-	215	-	-	-	-	-	215	-	215
Changes in non-controlling interest		-	-	-	-	-	-	-	-	(44)	(44)
Balance at December 31, 2021		$ 5,106,849	$ 1,101,079	$ 5,577,083	$ 1,556,049	$ 27,377,681	($ 4,156,871)	$ 2,380,781	$ 38,942,651	$ 9,673	$ 38,952,324
2022											
Balance at January 1, 2022		$ 5,106,849	$ 1,101,079	$ 5,577,083	$ 1,556,049	$ 27,377,681	($ 4,156,871)	$ 2,380,781	$ 38,942,651	$ 9,673	$ 38,952,324
Net income for the period		-	-	-	-	16,204,052	-	-	16,204,052	92	16,204,144
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	5,451,229	(988,964)	4,462,265	-	4,462,265
Total comprehensive income (loss)		-	-	-	-	16,204,052	5,451,229	(988,964)	20,666,317	92	20,666,409
Distribution of 2021 earnings											
Legal reserve	6(19)	-	-	1,685,276	-	(1,685,276)	-	-	-	-	-
Special reserve	6(19)	-	-	-	220,040	(220,040)	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(12,821,591)	-	-	(12,821,591)	-	(12,821,591)
Employees' compensation transferred to common shares	6(17)(18)	21,787	969,551	-	-	-	-	-	991,338	-	991,338
Cash from capital surplus	6(19)	-	(1,025,727)	-	-	-	-	-	(1,025,727)	-	(1,025,727)
Cash dividends returned	6(18)	-	244	-	-	-	-	-	244	-	244
Changes in non-controlling interest		-	-	-	-	-	-	-	-	(47)	(47)
Balance at December 31, 2022		$ 5,128,636	$ 1,045,147	$ 7,262,359	$ 1,776,089	$ 28,854,826	$ 1,294,358	$ 1,391,817	$ 46,753,232	$ 9,718	$ 46,762,950

The accompanying notes are an integral part of these consolidated financial statements.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 16,921,859	$ 17,574,722
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	1,176,920	998,212
Amortization	6(11)(26)	1,627,409	1,302,659
Expected credit (gains) losses	12(2)	(33,415)	3,350
Interest expense	6(25)	217,743	106,640
Interest income	6(22)	(950,676)	(326,399)
Dividend income	6(23)	(60,741)	(43,713)
Losses(gains) on financial assets at fair value through profit or loss	6(2)(24)	180,983	(114,364)
Share of loss of associates and joint ventures accounted for under equity method	6(7)	20,723	12,113
(Gains)losses on disposal of property, plant and equipment	6(24)	(1,132)	196
Loss on disposal of investments	6(24)	-	145
Gains arising from lease modifications	6(24)	(24)	(236)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		220,475	(757,626)
Accounts receivable, net		3,404,506	(1,959,432)
Accounts receivable, net - related parties		605,229	(379,855)
Other receivables		(139,755)	(5,057)
Inventories		(9,003,831)	(7,925,735)
Prepayments		135,358	(132,809)
Changes in operating liabilities			
Contract liabilities - current		(93,348)	(125,154)
Notes payable		(3,276)	(25,377)
Accounts payable		(765,489)	485,514
Accounts payable - related parties		(178,117)	(5,819)
Other payables		4,350,517	9,458,090
Other payables - related parties		(10,851)	6,445
Other current liabilities		1,419,864	137,929
Provisions - non-current		185,080	-
Accrued pension obligations		(4,277)	(4,610)

(Continued)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
Cash inflow generated from operations		$ 19,221,734	$ 18,279,829
Interest received		758,590	475,959
Dividends received		60,741	43,713
Interest paid		(214,712)	(103,261)
Income tax paid		(768,184)	(344,311)
Net cash flows from operating activities		19,058,169	18,351,929
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss - non-current		(370,244)	-
Acquisition of financial assets at fair value through other comprehensive income		(228,910)	(85,922)
Acquisition of financial assets at amortised cost		(92,296,234)	(62,836,686)
Proceeds from disposal of financial assets at amortised cost		98,487,508	53,308,799
Acquisition of investments accounted for under equity method		-	(45,000)
Proceeds from disposal of investments accounted for under equity method		-	110
Acquisition of property, plant and equipment	6(30)	(2,680,469)	(2,510,168)
Proceeds from disposal of property, plant and equipment		1,353	200
Acquisition of intangible assets	6(30)	(1,959,501)	(1,178,805)
Increase in refundable deposits		(1,457,055)	(684,728)
Increase in other non-current assets		(91,531)	(604)
Net cash flows used in investing activities		(595,083)	(14,032,804)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	167,983,101	155,016,591
Decrease in short-term borrowings	6(31)	(167,587,207)	(153,131,181)
Increase in long-term borrowings	6(31)	711,110	1,017,360
Repayment of principal portion of lease liabilities	6(31)	(97,150)	(90,779)
(Decrease)increase in guarantee deposits		(892)	197
Cash from capital surplus and cash dividends		(13,847,318)	(7,149,589)
Cash dividends returned		244	215
Net cash flows used in financing activities		(12,838,112)	(4,337,186)
Effect of exchange rate		931,710	(80,948)
Net increase (decrease) in cash and cash equivalents		6,556,684	(99,009)
Cash and cash equivalents at beginning of year		7,197,351	7,296,360
Cash and cash equivalents at end of year		$ 13,754,035	$ 7,197,351

The accompanying notes are an integral part of these consolidated financial statements.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Realtek Semiconductor Corporation (the "Company") was incorporated as a company limited by shares on October 21, 1987 and commenced commercial operations in March 1988. The Company was based in Hsinchu Science Park since October 28, 1989. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the research, development, design, testing, and sales of ICs and application software for these products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 24, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards, interpretations and amendments have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards, interpretations and amendments have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards, interpretations and amendments have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International

Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture.

Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2022	December 31, 2021	Description
Realtek Semiconductor Corporation	Leading Enterprises Limited	Investment holdings	-	100%	Note 1
Realtek Semiconductor Corporation	Amber Universal Inc.	〃	100%	100%	
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	
Realtek Semiconductor Corporation	Bluocean Inc.	Investment holdings	-	100%	Note 1
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	〃	-	100%	Note 1
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	〃	100%	100%	
Realtek Semiconductor Corporation	Realsun Investment Co., Ltd.	〃	100%	100%	
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	〃	100%	100%	
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	〃	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Realtek Semiconductor Corporation	Realsun Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	
Realtek Semiconductor Corporation	Bobitag Inc.	Manufacture and installation of computer equipment and wholesale, retail and related service of electronic materials and information / software	67%	67%	
Realtek Semiconductor Corporation	AICONNX Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Information collection and technical support	100%	100%	
Leading Enterprises Limited	Circon Universal Inc.	Investment holdings	100%	100%	
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Information services and technical support	100%	100%	
Amber Universal Inc.	Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	100%	100%	
Empsonic Enterprises Inc.	Realsil Microelectronics Corp.	〃	100%	100%	
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	〃	100%	100%	
Realtek Singapore Private Limited	Cortina Access Inc.	〃	100%	100%	
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	〃	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Realtek Singapore Private Limited	Cortina Network Systems Shanghai Co., Ltd.	R&D and technical support	100%	100%	
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Investment holdings	100%	100%	
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	R&D and technical support	100%	100%	
Realtek Singapore Private Limited	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	19%	19%	
Realtek Singapore Private Limited	Leading Enterprises Limited	Investment holdings	100%	-	Note 1
Realtek Singapore Private Limited	Bluocean Inc.	〃	100%	-	Note 1
Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	〃	100%	-	Note 1
Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	81%	81%	
Realsil Microelectronics Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	〃	80%	80%	
Realtek Semiconductor (Shen Zhen) Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	〃	20%	20%	
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn. Bhd.	R&D and technical support	100%	100%	
Bluocean Inc.	Realtek Korea Inc.	〃	100%	-	Note 2

Note 1: Due to reorganisation, the Company sold all equity interests in its three wholly-owned subsidiaries, Leading Enterprises Limited, Bluocean Inc. and Talent Eagle Enterpriese Inc., to Realtek Singapore Private Limited through share exchanges.

Note 2: Realtek Korea Inc. was established on January 17, 2022.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise, they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities held mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, they are classified as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses(ECLs) if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime ECLs if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for under equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of the fixed assets are as follows: buildings - 10~55 years and other fixed assets - 3~5 years.

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(18) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets

Separately acquired intangible assets with a finite useful life are stated at cost. Intangible assets acquired in a business combination are recognized at fair value at acquisition date. The amortization amounts of separately and consolidated acquired intangible assets were amortized on a straight-line basis over their estimated useful lives of 2-5 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation

on the balance sheet date.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the Board meeting resolution.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Cash dividends are recorded as liabilities in the Company’s financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells various integrated circuit related products. Sales are recognized when control of the products has transferred, being when the products are

delivered to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognized based on the price specified in the contract. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Services revenue

Revenue from design, royalty and technical services is recognized after completing the services in which the services are rendered.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As at December 31, 2022, the carrying amount of inventories was $25,552,543.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 837	$ 910
Checking accounts and demand deposits	10,001,264	7,113,048
Time deposits	3,751,934	83,393
	$ 13,754,035	$ 7,197,351

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 159,902	$ 358,892
Beneficiary certificates	1,403,385	1,593,755
	1,563,287	1,952,647
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 305,145	$ -
Hybrid instruments	53,000	-
	358,145	-
	$ 1,921,432	$ 1,952,647

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31, 2022	Year ended December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 198,989)	$ 102,751
Beneficiary certificates	18,006	11,613
	($ 180,983)	$ 114,364

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	$ 718,427	$ 788,460
Emerging stocks	28,771	36,046
Unlisted stocks	2,352,561	2,820,372
	$ 3,099,759	$ 3,644,878

A. The Group has elected to classify equity instruments investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $3,099,759 and $3,644,878 on December 31, 2022 and 2021, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2022	Year ended December 31, 2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 988,964)	$ 995,872

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(4) Financial assets at amortized cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits	$ 41,595,837	$ 43,740,876
Non-current items:		
Corporate bonds	$ 532,574	$ -
Time deposits	85,907	80,101
	$ 618,481	$ 80,101

A. Details of the Group’s financial assets at amortized cost pledged to others as collateral are provided in Note 8.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group’s investments in time deposits were financial institutions who have good credit quality, so it expects that the probability of counterparty default is remote.

(5) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 9,472,662	$ 12,877,169
Accounts receivable - related parties	2,605,318	3,210,546
Less: Allowance for bad debts	(65,295)	(98,710)
	$ 12,012,685	$ 15,989,005

A. The aging analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 12,034,050	$ 15,874,298
Up to 30 days	43,893	210,889
31 to 90 days	-	2,067
Over 90 days	37	461
	$ 12,077,980	$ 16,087,715

The above aging analysis is based on past due date.

B. As at December 31, 2022 and 2021, accounts receivable were all from contracts with customers. And as at January 1, 2021, the balance of receivables from contracts with customers amounted to $13,748,428.

C. The Group has no accounts receivable pledged to others.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 9,483,560	($ 1,024,725)	$ 8,458,835
Work in process	8,905,516	(948,334)	7,957,182
Finished goods	10,319,326	(1,182,800)	9,136,526
	$ 28,708,402	($ 3,155,859)	$ 25,552,543

	December 31, 2021		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 4,585,329	($ 364,729)	$ 4,220,600
Work in process	4,946,701	(265,853)	4,680,848
Finished goods	8,131,233	(483,969)	7,647,264
	$ 17,663,263	($ 1,114,551)	$ 16,548,712

Operating costs incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of inventories sold and others	$ 54,942,909	$ 51,952,047
Inventory loss on decline in (gain on reversal of) market value, obsolete and slow-moving inventories	1,986,470	(30,051)
Loss on scrap inventory	225,576	393,887
	$ 57,154,955	$ 52,315,883

(7) Investments accounted for under equity method

	December 31, 2022	December 31, 2021
Estinet Technologies Incorporation	$ 2,276	$ 5,081
Innorich Venture Capital Corp.	135,808	142,619
Starmems Semiconductor Corp.	32,587	43,677
	$ 170,671	$ 191,377

A. The loss on investments accounted for under equity method amounted to $20,723 and $12,113 for the years ended December 31, 2022 and 2021, respectively.

B. Starmems Semiconductor Corp. was incorporated in April 2021. The Group’s investment in the investee amounted to $45,000.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
At January 1, 2022							
Cost	$ 489,370	$ 3,466,696	$ 4,185,792	$ 3,926,851	$ 492,603	$ 2,477,232	$ 15,038,544
Accumulated depreciation and impairment	-	(1,517,259)	(3,546,371)	(2,638,725)	(255,610)	(777,641)	(8,735,606)
	$ 489,370	$ 1,949,437	$ 639,421	$ 1,288,126	$ 236,993	$ 1,699,591	$ 6,302,938
2022							
At January 1	$ 489,370	$ 1,949,437	$ 639,421	$ 1,288,126	$ 236,993	$ 1,699,591	$ 6,302,938
Additions	-	47,562	125,763	729,752	45,270	1,333,812	2,282,159
Disposals	-	(57)	-	(41)	(123)	-	(221)
Reclassifications	-	-	172,492	2,891	-	(175,577)	(194)
Depreciation	-	(130,636)	(169,607)	(580,087)	(63,891)	(122,385)	(1,066,606)
Net exchange difference	-	28,822	(8,401)	12,889	805	4,445	38,560
At December 31	$ 489,370	$ 1,895,128	$ 759,668	$ 1,453,530	$ 219,054	$ 2,739,886	$ 7,556,636
At December 31, 2022							
Cost	$ 489,370	$ 3,083,025	$ 1,292,529	$ 3,414,364	$ 434,731	$ 3,085,480	$ 11,799,499
Accumulated depreciation and impairment	-	(1,187,897)	(532,861)	(1,960,834)	(215,677)	(345,594)	(4,242,863)
	$ 489,370	$ 1,895,128	$ 759,668	$ 1,453,530	$ 219,054	$ 2,739,886	$ 7,556,636

	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
At January 1, 2021							
Cost	$ 387,280	$ 3,414,624	$ 3,838,068	$ 3,290,307	$ 333,113	$ 1,111,004	$ 12,374,396
Accumulated depreciation and impairment	-	(1,413,842)	(3,429,011)	(2,195,086)	(207,520)	(680,405)	(7,925,864)
	$ 387,280	$ 2,000,782	$ 409,057	$ 1,095,221	$ 125,593	$ 430,599	$ 4,448,532
2021							
At January 1	$ 387,280	$ 2,000,782	$ 409,057	$ 1,095,221	$ 125,593	$ 430,599	$ 4,448,532
Additions	-	16,140	356,412	686,676	161,590	1,514,187	2,735,005
Disposals	-	(146)	-	(10)	(167)	(73)	(396)
Reclassifications	102,090	42,767	-	-	-	(144,857)	-
Depreciation	-	(114,392)	(126,350)	(493,922)	(50,054)	(99,321)	(884,039)
Net exchange difference	-	4,286	302	161	31	(944)	3,836
At December 31	$ 489,370	$ 1,949,437	$ 639,421	$ 1,288,126	$ 236,993	$ 1,699,591	$ 6,302,938
At December 31, 2021							
Cost	$ 489,370	$ 3,466,696	$ 4,185,792	$ 3,926,851	$ 492,603	$ 2,477,232	$ 15,038,544
Accumulated depreciation and impairment	-	(1,517,259)	(3,546,371)	(2,638,725)	(255,610)	(777,641)	(8,735,606)
	$ 489,370	$ 1,949,437	$ 639,421	$ 1,288,126	$ 236,993	$ 1,699,591	$ 6,302,938

A. There was no capitalization of borrowing costs attributable to the property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and transportation equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Land	$ 1,354,240	$ 1,370,790
Buildings	182,939	215,177
Transportation equipment	149	1,943
	$ 1,537,328	$ 1,587,910

	Depreciation	
	Year ended December 31, 2022	Year ended December 31, 2021
Land	$ 28,153	$ 27,376
Buildings	76,443	81,295
Transportation equipment	1,794	1,644
	$ 106,390	$ 110,315

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $69,238 and $57,016, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 27,680	$ 28,590

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $124,830 and $119,369, respectively.

(10) Investment property

	Buildings	
	2022	2021
At January 1		
Cost	$ 81,152	$ 81,499
Accumulated depreciation and impairment	(39,511)	(35,809)
	$ 41,641	$ 45,690
At January 1	$ 41,641	$ 45,690
Depreciation	(3,924)	(3,858)
Net exchange difference	699	(191)
At December 31	$ 38,416	$ 41,641
At December 31		
Cost	$ 82,504	$ 81,152
Accumulated depreciation and impairment	(44,088)	(39,511)
	$ 38,416	$ 41,641

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Year ended December 31, 2022	Year ended December 31, 2021
Rental income from the lease of the investment property	$ 2,274	$ 2,231
Operating expenses arising from the investment property that generated rental income during the year	$ 3,924	$ 3,858

B. The Group's investment property is located in Mainland China. The fair value is based on valuation information from Information Centre of Real Estate in local governments in Mainland China and is adjusted and classified as level 3 accordingly. As at December 31, 2022 and 2021, the fair values were $133,060 and $130,525, respectively.

(11) Intangible assets

	Computer software	Intellectual property	Goodwill	Others	Total
At January 1, 2022					
Cost	$ 5,639,381	$ 5,805,930	$ 639,561	$ 281,520	$ 12,366,392
Accumulated amortisation and impairment	(4,737,026)	(4,517,428)	(639,561)	(240,683)	(10,134,698)
	$ 902,355	$ 1,288,502	$ -	$ 40,837	$ 2,231,694
2022					
At January 1	$ 902,355	$ 1,288,502	$ -	$ 40,837	$ 2,231,694
Additions	1,459,084	308,554	-	38,240	1,805,878
Amortisation	(962,714)	(642,764)	-	(21,931)	(1,627,409)
Net exchange difference	252	645	-	2,135	3,032
At December 31	$ 1,398,977	$ 954,937	$ -	$ 59,281	$ 2,413,195
At December 31, 2022					
Cost	$ 7,099,807	$ 6,117,679	$ 639,561	$ 348,766	$ 14,205,813
Accumulated amortisation and impairment	(5,700,830)	(5,162,742)	(639,561)	(289,485)	(11,792,618)
	$ 1,398,977	$ 954,937	$ -	$ 59,281	$ 2,413,195

	Computer software	Intellectual property	Goodwill	Others	Total
At January 1, 2021					
Cost	$ 5,088,065	$ 4,900,421	$ 639,561	$ 275,206	$ 10,903,253
Accumulated amortisation and impairment	(3,987,796)	(3,981,733)	(639,561)	(226,839)	(8,835,929)
	$ 1,100,269	$ 918,688	$ -	$ 48,367	$ 2,067,324
2021					
At January 1	$ 1,100,269	$ 918,688	$ -	$ 48,367	$ 2,067,324
Additions	551,638	906,330	-	14,176	1,472,144
Amortisation	(749,514)	(532,557)	-	(20,588)	(1,302,659)
Net exchange difference	(38)	(3,959)	-	(1,118)	(5,115)
At December 31	$ 902,355	$ 1,288,502	$ -	$ 40,837	$ 2,231,694
At December 31, 2021					
Cost	$ 5,639,381	$ 5,805,930	$ 639,561	$ 281,520	$ 12,366,392
Accumulated amortisation and impairment	(4,737,026)	(4,517,428)	(639,561)	(240,683)	(10,134,698)
	$ 902,355	$ 1,288,502	$ -	$ 40,837	$ 2,231,694

Details of amortization on intangible assets are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Operating costs	$ 2,615	$ 1,374
Operating expenses	1,624,794	1,301,285
	$ 1,627,409	$ 1,302,659

(12) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 13,737,994	1.18%~2.3%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 13,342,100	0.42%~0.57%	None

Interest expense of bank borrowings recognized in profit or loss amounted to $190,063 and $78,050 for the years ended December 31, 2022 and 2021, respectively.

(13) Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonus	$ 11,366,632	$ 9,641,868
Payable for employees' compensation	12,002,603	11,117,412
Other accrued expenses	2,531,844	1,927,958
Payables on equipment	114,514	283,796
Payables on software and intellectual property	1,292,307	1,445,930
Others	376,595	228,177
	$ 27,684,495	$ 24,645,141

(14) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	December 31, 2022
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8 ~2027/12/15	Repayable in instalment over the agreed period	0.925%～1.125%	None	$ 1,713,316

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	December 31, 2021
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8 ~2026/12/15	Repayable in instalment over the agreed period	0.30%	None	$ 1,002,799

Note: The Ministry of Economic Affairs implemented the "Action Plan for Accelerated Investment by Domestic Corporations" on July 1, 2019. An entity can apply for a subsidized loan for an eligible investment project from financial institutions at a preferential interest rate. The Group is qualified for the loan as approved by the Ministry of Economic Affairs and entered into a loan contract with a financial institution with a credit period of 5 years. The loan is used for construction of plant and related facilities.

(15) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 624,489)	($ 628,846)
Fair value of plan assets	533,997	534,371
Net defined benefit liability	($ 90,492)	($ 94,475)

(c) Movement in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(628,846)	534,371	(94,475)
Current service cost	(1,136)	-	(1,136)
Interest (expense) income	(4,641)	3,760	(881)
	(634,623)	538,131	(96,492)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,418)	(1,418)
Change in financial assumptions	38,312	-	38,312
Experience adjustments	(36,894)	-	(36,894)
	1,418	(1,418)	-
Pension fund contribution	-	6,000	6,000
Paid pension	8,716	(8,716)	-
At December 31	($ 624,489)	$ 533,997	($ 90,492)

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(600,923)	501,842	(99,081)
Current service cost	(1,079)	-	(1,079)
Interest (expense) income	(2,056)	1,741	(315)
	(604,058)	503,583	(100,475)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	35,943	35,943
Change in demographic assumptions	(34,449)	-	(34,449)
Change in financial assumptions	29,040	-	29,040
Experience adjustments	(30,534)	-	(30,534)
	(35,943)	35,943	-
Pension fund contribution	-	6,000	6,000
Paid pension	11,155	(11,155)	-
At December 31	($ 628,846)	$ 534,371	($ 94,475)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in

domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Discount rate	1.40%	0.75%
Future salary increases	4.75%	4.75%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	$ 14,986	($ 15,511)	($ 14,672)	$ 14,260
December 31, 2021				
Effect on present value of defined benefit obligation	$ 16,290	($ 16,894)	($ 15,888)	$ 15,415

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to $6,000.

(g) As at December 31, 2022, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 340,419
2-5 year(s)	147,204
5-10 years	162,984
	$ 650,607

B. (a) Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”),

covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. Employees may receive the payment of the pension every month or on a lump-sum basis depending on the accumulated earnings in the personal pension account.

(b) The Company's mainland China subsidiaries, Realsil Microelectronics Corp., Realtek Semiconductor (Shen Zhen) Corp., Cortina Network Systems (Shanghai) Co., Ltd., RayMX Microelectronics Corp. and Suzhou PanKore Integrated Circuit Technology Co. Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Monthly contributions to an independent fund are administered by the government. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $393,147 and $330,437, respectively.

(16) Provision

	2022	2021
At January 1	$ 989,475	$ 1,018,706
Increase in provision	185,080	-
Effect of exchange rate	113,155	(29,231)
At December 31	$ 1,287,710	$ 989,475

As at December 31, 2022, provisions were estimated for potential infringement litigations.

(17) Share capital

A. As at December 31, 2022, the Company's authority capital was $8,900,000, consisting of 890 million shares of common stock (including 80 million shares reserved for employee stock options), and the paid-in capital was $5,128,636 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number (thousands of shares) of the Company's common shares outstanding are as follows:

	2022	2021
At January 1	510,684	510,684
Employees' compensation transferred to common shares	2,179	-
At December 31	512,863	510,684

B. On March 18, 2022, the Company's Board of Directors resolved to distribute employees' compensation in the form of stocks amounting to $991,338. The Company issued 2,179 thousand shares based on the closing price of the Company's share at the previous day of the Board

meeting resolution at 455 NT dollar, which was approved by the competent authority, and the record date of issuance of new shares was March 30, 2022. The registration for the distribution of employees' compensation was completed on April 13, 2022.

C. On January 24, 2002, the Company increased its new common stock and sold its old common stock by issuing 13,924 thousand units of GDRs for cash. Each GDR unit represents 4 common stocks, so the total common stocks issued were 55,694 thousand shares. The Company's GDRs are traded in the Luxembourg Stock Exchange. As at December 31, 2022, the outstanding GDRs were 311 thousand units, or 1,244 thousand shares of common stock, representing 0.24% of the Company's total common stocks.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022			
	Share premium	Change in equity of associates accounted for under equity method	Others	Total
At January 1	$ 1,039,006	$ 61,261	$ 812	$ 1,101,079
Employees' compensation transferred to common shares	969,551	-	-	969,551
Cash from capital surplus	(1,025,727)	-	-	(1,025,727)
Cash dividends returned	-	-	244	244
At December 31	$ 982,830	$ 61,261	$ 1,056	$ 1,045,147

	2021			
	Share premium	Change in equity of associates accounted for under equity method	Others	Total
At January 1	$ 2,060,376	$ 61,035	$ 597	$ 2,122,008
Cash from capital surplus	(1,021,370)	-	-	(1,021,370)
Changes in equity of associates accounted for under equity method	-	226	-	226
Cash dividends returned	-	-	215	215
At December 31	$ 1,039,006	$ 61,261	$ 812	$ 1,101,079

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with prior year's accumulated undistributed earnings shall be proposed by the Board of Directors. However, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares, or the appropriation of earnings shall be resolved by the Board of Directors, if earnings are distributed in the form of cash. The Company should consider factors affecting finance, business and operations to appropriate distributable earnings for the period, and appropriate all or partial reserve in accordance with regulations of the Competent Authority. Cash dividends shall account for at least 50% of the distributable earnings added in the current year.

The Company's dividend policy takes into consideration the Company's future expansion plans and future cash flows. In accordance with the Company's dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

In accordance with Company Act Article 240, Item 5 and Article 241, Item 2, the resolution, for all or partial of distributable dividends, legal reserve and capital surplus are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors, and will be reported to the shareholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting on June 8, 2022 and August 9, 2021. Details are summarized below:

	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 1,685,276	$ -	$ -	$ -
Special reserve	220,040	-	1,339,013	-
Cash dividends	12,821,591	25.00	6,128,219	12.00
Total	$ 14,726,907	$ 25.00	$ 7,467,232	$ 12.00

E. On April 22, 2022, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of $1,025,727 (2 NT dollar per share).

F. On April 23, 2021, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of $1,021,370 (2 NT dollar per share).

(20) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation difference	Total
At January 1	$ 2,380,781	($ 4,156,871)	($ 1,776,090)
Revaluation:			
–Group	(988,964)	-	(988,964)
Currency translation differences:			
–Group	-	5,451,229	5,451,229
At December 31	$ 1,391,817	$ 1,294,358	$ 2,686,175

	2021		
	Unrealised gains on valuation	Currency translation difference	Total
At January 1	$ 1,384,909	($ 2,940,958)	($ 1,556,049)
Revaluation:			
–Group	995,872	-	995,872
Currency translation differences:			
–Group	-	(1,215,913)	(1,215,913)
At December 31	$ 2,380,781	($ 4,156,871)	($ 1,776,090)

(21) Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers	$ 111,789,791	$ 105,504,286

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

Year ended December 31, 2022	Integrated circuit products	Others	Total
Revenue from external customer contracts	$ 111,560,194	$229,597	$ 111,789,791
Timing of revenue recognition			
At a point in time	$ 111,560,194	$229,597	$ 111,789,791

Year ended December 31, 2021	Integrated circuit products	Others	Total
Revenue from external customer contracts	$ 105,374,969	$129,317	$ 105,504,286
Timing of revenue recognition			
At a point in time	$ 105,374,969	$129,317	$ 105,504,286

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1,2021
Contract liabilities -advance sales receipts	$ 117,752	$ 211,100	$ 336,254

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Year ended December 31, 2022	Year ended December 31, 2021
Contract liabilities – advance sales receipts	$ 191,160	$ 269,069

C. Refund liabilities (shown in other current liabilities)

The Group estimates the discounts based on accumulated experience. The estimation is subject to an assessment at each reporting date.

The following refund liabilities:

	December 31, 2022	December 31, 2021
Refund liabilities – current	$ 8,932,366	$ 7,521,493

(22) Interest income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income from bank deposits	$ 950,676	$ 326,399

(23) Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Dividend income	$ 60,741	$ 43,713
Grant income	97,243	53,621
Other income	230,935	116,093
	$ 388,919	$ 213,427

(24) Other gains and losses

	Year ended December 31, 2022	Year ended December 31, 2021
Gains (losses) on disposal of property, plant and equipment	$ 1,132	($ 196)
Losses on disposal of investments	-	(145)
Gains arising from lease modifications	24	236
Net currency exchange gains (losses)	304,092	(109,466)
(Losses) gains on financial assets at fair value through profit or loss	(180,983)	114,364
Other losses	(27,533)	(176,040)
	$ 96,732	($ 171,247)

(25) Finance costs

	Year ended December 31, 2022	Year ended December 31, 2021
Interest expense		
Bank borrowings	$ 190,063	$ 78,050
Lease liabilities	27,680	28,590
	$ 217,743	$ 106,640

(26) Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Employee benefit expenses	$ 29,155,537	$ 27,465,041
Depreciation	1,176,920	998,212
Amortisation	1,627,409	1,302,659

(27) Employee benefit expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	$ 27,606,128	$ 26,163,019
Labor and health insurance fees	817,557	662,438
Pension costs	395,164	331,831
Other personnel expenses	336,688	307,753
Total	$ 29,155,537	$ 27,465,041

A. In accordance with the Company’s Articles of Incorporation, the Company shall appropriate no higher than 3% for directors’ remuneration and no less than 1% for employees’ compensation, if the Company generates profit. If the Company has accumulated deficit, earnings should be reserved to cover losses before the appropriation of directors’ remuneration and employees’ compensation.

Aforementioned employees’ compensation could be distributed by cash or stocks. Specifics

of the compensation are to be determined by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors. The resolution should be reported to the shareholders during the shareholders' meeting.

B. For the years ended December 31, 2022 and 2021, employees' compensation were accrued at $4,765,898 and $4,956,694, respectively; directors' remuneration were accrued at $120,000 and $130,000, respectively. The amounts were estimated as operating cost or operating expense in accordance with the Company's Articles of Incorporation.

On March 18, 2022, the employees' compensation of $4,956,694 and directors' remuneration of $130,000 for 2021 resolved at the meeting of the Board of Directors agreed with those amounts recognized in the 2021 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

	Year ended December 31, 2022	Year ended December 31, 2021
Current income tax:		
Current income tax on profit for the year	$ 969,312	$ 934,395
Tax on undistributed earnings	106,293	64,850
Prior year income tax overestimation	(355,446)	(276,529)
Total current income tax	720,159	722,716
Deferred income tax:		
Origination and reversal of temporary differences	(2,444)	(805)
Income tax expense	$ 717,715	$ 721,911

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2022	Year ended December 31, 2021
Income tax calculated based on income before tax	$ 3,413,672	$ 3,528,450
Expenses disallowed by tax regulation and effects from tax-exempt income	(2,446,804)	(2,594,860)
Prior year income tax overestimation	(355,446)	(276,529)
Tax on undistributed earnings	106,293	64,850
Income tax expense	$ 717,715	$ 721,911

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	2022		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets:			
－Temporary differences:			
Unrealised loss on market price decline and obsolete and slow-moving inventories and others	$ 171,321	($ 38,343)	$ 132,978
Deferred income tax liabilities:			
－Temporary differences:			
Unrealised exchange gain	(103,512)	40,787	(62,725)
Total	$ 67,809	$ 2,444	$ 70,253

	2021		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets:			
－Temporary differences:			
Unrealised loss on market price decline and obsolete and slow-moving inventories and others	$ 169,876	$ 1,445	$ 171,321
Deferred income tax liabilities:			
－Temporary differences:			
Unrealised exchange gain	(102,872)	(640)	(103,512)
Total	$ 67,004	$ 805	$ 67,809

D. The amounts of deductible temporary differences that were not recognized as deferred income tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 2,179,722	$ 1,414,597

E. As at December 31, 2022, the Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to common shareholders of the parent company	$16,204,052	512,410	$ 31.62
Diluted earnings per share			
Profit attributable to common shareholders of the parent company	$16,204,052	512,410	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	19,175	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	$16,204,052	531,585	$ 30.48

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to common shareholders of the parent company	$16,852,759	510,684	$ 33.00
Diluted earnings per share			
Profit attributable to common shareholders of the parent company	$16,852,759	510,684	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	9,726	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	$16,852,759	520,410	$ 32.38

(30) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	$ 2,282,159	$ 2,735,005
Add: Opening balance of payable on equipment	283,796	58,959
Less: Ending balance of payable on equipment	114,514	(283,796)
Cash paid during the year	$ 2,680,469	$ 2,510,168

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of intangible assets	$ 1,805,878	$ 1,472,144
Add: Opening balance of payable on software and intellectual property	1,445,930	1,152,591
Less: Ending balance of payable on software and intellectual property	(1,292,307)	(1,445,930)
Cash paid during the year	$ 1,959,501	$ 1,178,805

(31) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits	Lease liabilities	Long-term borrowings	Liabilities from financing activities-total
At January 1, 2022	$ 13,342,100	$ 1,448	$ 1,332,705	$ 1,002,799	$ 15,679,052
Changes in cash flow from financing activities	395,894	(892)	(97,150)	711,110	1,008,962
Interest paid	-	-	(27,680)	-	(27,680)
Interest of lease liabilities	-	-	27,680	-	27,680
Impact of changes in foreign exchange	-	-	(1,156)	-	(1,156)
Changes in other non-cash items	-	-	67,232	(593)	66,639
At December 31, 2022	$ 13,737,994	$ 556	$ 1,301,631	$ 1,713,316	$ 16,753,497

	Short-term borrowings	Guarantee deposits	Lease liabilities	Long-term borrowings	Liabilities from financing activities-total
At January 1, 2021	$ 11,456,690	$ 1,251	$ 1,377,257	$ -	$ 12,835,198
Changes in cash flow from financing activities	1,885,410	197	(90,779)	1,017,360	2,812,188
Interest paid	-	-	(28,590)	-	(28,590)
Interest of lease liabilities	-	-	28,590	-	28,590
Impact of changes in foreign exchange	-	-	(3,056)	-	(3,056)
Changes in other non-cash items	-	-	49,283	(14,561)	34,722
At December 31, 2021	$ 13,342,100	$ 1,448	$ 1,332,705	$ 1,002,799	$ 15,679,052

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate controlling party of the Group is the Company.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
G.M.I Technology Inc.	Other related party
Actions Semiconductor Co., Ltd.	Other related party
C-Media Electronics Inc.	Other related party
Greatek Electronics Inc.	Other related party
EmBestor Technology Inc.	Other related party

(3) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Sales of goods：		
G.M.I Technology Inc.	$ 16,520,851	$ 16,083,737
Others	395,667	623,758
	$ 16,916,518	$ 16,707,495

Goods are sold based on the price lists in force and terms that would be available to third parties, and the general collection term was 30 ~ 60 days after monthly billings.

B. Processing cost

	Year ended December 31, 2022	Year ended December 31, 2021
Greatek Electronics Inc.	$ 1,057,117	$ 1,339,141
Others	10,598	8,413
	$ 1,067,715	$ 1,347,554

Processing cost is paid to related parties on normal commercial terms and conditions, and the general payment term was 69 days after monthly billings.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable：		
G.M.I Technology Inc.	$ 2,548,128	$ 3,146,078
Other	46,117	46,106
	$ 2,594,245	$ 3,192,184

Aforementioned receivables were 30 ~ 60 days after monthly billings. The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

		December 31, 2022		December 31, 2021
Accounts payable：				
Greatek Electronics Inc.	$	156,225	$	333,380
Others		71		1,033
	$	156,296	$	334,413

The payment term above was 69 days after monthly billings. The payables to related parties arise mainly from processing cost. The payables bear no interest.

E. Other transactions and other payables (receivables):

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Ending balance	Amount	Ending balance
Other related parties-				
Sales commissions	$ 722,091	$ 90,401	$ 633,550	$ 101,253
Cash dividends revenue	($ 30,114)	$ -	($ 21,761)	$ -
Technical royalty revenue	($ 14,291)	$ -	($ 31,451)	$ -
Other	$ -	$ -	$ 327	$ -

The payment term above was 49 days after monthly billings; the collection term was 30 ~ 60 days after monthly billings.

(4) Key management compensation

		Year ended December 31, 2022		Year ended December 31, 2021
Salaries and other short-term employee benefits	$	564,883	$	248,487
Post-employment benefits		3,875		3,103
Total	$	568,758	$	251,590

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value				
Pledged asset		December 31, 2022		December 31, 2021	Purposes
Time deposits (shown in financial assets at amortised cost non-current)	$	31,348	$	31,048	Guarantee for the importation customs duties of materials
"		54,559		49,053	Guarantee for leasing land and office in science park
	$	85,907	$	80,101	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

A. In 2020, Divx, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On July 4, 2021, DivX terminated the investigation against the Company in ITC.

B. In 2020, KONINKLIJKE PHILIPS N.V. and PHILIPS NORTH AMERICA LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On March 23, 2022, ITC issued the final determination finding non-infringement for the accused Company's IC products and non-existence of the required domestic industry.

C. Future Link Systems, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court for the Western District of Texas against the Company's IC products. Due to the Plaintiff/ Complainant' s withdrawal of its patent infringement complaints, the patent infringement cases have been terminated.

D. BANDSPEED, LLC brought an action for patent infringement in United States District Court for the Western District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

E. Advanced Micro Devices, Inc./ ATI Technologies ULC brought an action for patent infringement in United States International Trade Commission ("ITC") and United States District Court for the Eastern District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

F. American Patent LLC brought an action for patent infringement in United States District Court for the Eastern District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,921,432	$ 1,952,647
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 3,099,759	$ 3,644,878
Financial assets at amortised cost/ Receivables		
Cash and cash equivalents	$ 13,754,035	$ 7,197,351
Financial assets at amortised cost	42,214,318	43,820,977
Accounts receivable (including related parties)	12,012,685	15,989,005
Other receivables	488,769	156,928
Refundable deposits	2,191,910	734,855
	$ 70,661,717	$ 67,899,116
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 13,737,994	$ 13,342,100
Notes payable	-	3,276
Accounts payable (including related parties)	10,496,375	11,439,981
Other payables (including related parties)	27,774,896	24,746,394
Long-term borrowings	1,713,316	1,002,799
Guarantee deposits	556	1,448
Other financial liabilities	8,932,366	7,521,493
	$ 62,655,503	$ 58,057,491
Lease liabilities	$ 1,301,631	$ 1,332,705

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a Group finance under policies approved by the Board of Directors. Group finance identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and CNY. Foreign exchange risk arises from future commercial transactions, recognized assets, and liabilities.

ii. Management has set up a policy to require the Group to manage its foreign exchange risk against its functional currency. The Group is required to hedge its entire foreign exchange risk exposure with the Group finance.

iii. The Group's businesses involve some functional currency operations (the Company's and other certain subsidiaries' functional currency: NTD；other certain subsidiaries' functional currency: USD and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 246,929	30.708	$ 7,582,696
Non-monetary items			
USD:NTD	1,881,393	30.708	57,773,816
Financial liabilities			
Monetary items			
USD:NTD	354,424	30.708	10,883,652

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 371,907	27.690	$ 10,298,105
Non-monetary items			
USD:NTD	1,692,376	27.690	46,861,891
Financial liabilities			
Monetary items			
USD:NTD	458,477	27.690	12,695,228

The exchange gains (losses), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $304,092 and ($109,466), respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 75,827	$ -
Non-monetary items			
USD:NTD	1%	-	577,738
Financial liabilities			
Monetary items			
USD:NTD	1%	(108,837)	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 102,981	$ -
Non-monetary items			
USD:NTD	1%	-	468,619
Financial liabilities			
Monetary items			
USD:NTD	1%	(126,952)	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $192,143 and $195,265, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $309,976 and $364,488, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group has no material interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost.

ii. The Group manages their credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past

experience and other factors.

iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
   (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
   (ii) The disappearance of an active market for that financial asset because of financial difficulties;
   (iii) Default or delinquency in interest or principal repayments;
   (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecast ability of semiconductor industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. As at December 31, 2022, and 2021, the provision matrix are as follows:

	Not past due	1~90 days past due	Over 90 days past due	Total
At December 31, 2022				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	$ 12,034,050	$ 43,893	$ 37	$ 12,077,980
Loss allowance	$ 64,819	$ 439	$ 37	$ 65,295

	Not past due	1~90 days past due	Over 90 days past due	Total
At December 31, 2021				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	$ 15,874,298	$ 212,956	$ 461	$ 16,087,715
Loss allowance	$ 96,119	$ 2,130	$ 461	$ 98,710

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022
	Loss allowance for accounts receivable
At January 1	$ 98,710
Reversal of impairment loss	(33,415)
At December 31	$ 65,295

	2021
	Loss allowance for accounts receivable
At January 1	$ 95,360
Provision for impairment loss	3,350
At December 31	$ 98,710

x. For investments in debt instruments to the Group at amortised cost, the credit rating levels are presented below:

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 41,681,744	$ -	$ -	$ 41,681,744
Group 2	532,574	-	-	532,574
	$ 42,214,318	$ -	$ -	$ 42,214,318

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 43,820,977	$ -	$ -	$43,820,977

Group 1: Time deposits with original maturity over three months deposited in financial institutions having good credit quality.

Group 2: Standard Poor's, Fitch's, or Moody's rating of A-level.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors forecasts of the Group's liquidity requirements

to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

ii. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 13,737,994	$ -	$ -
Accounts payable (including related parties)	10,496,375	-	-
Other payables (including related parties)	27,774,896	-	-
Lease liabilities	120,508	307,758	1,305,338
Long-term borrowings	-	1,728,470	-
Guarantee deposits	-	-	556
Other financial liabilities	8,932,366	-	-

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 13,342,100	$ -	$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	11,439,981	-	-
Other payables (including related parties)	24,746,394	-	-
Lease liabilities	115,821	334,479	1,340,088
Long-term borrowings	-	1,017,360	-
Guarantee deposits	-	-	1,448
Other financial liabilities	7,521,493	-	-

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

(a) The related information of nature of the assets is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,868,432	$ -	$ -	$ 1,868,432
Hybrid instrument	-	-	53,000	53,000
Financial assets at fair value through other comprehensive income				
Equity securities	747,198	-	2,352,561	3,099,759
Total	$ 2,615,630	$ -	$ 2,405,561	$ 5,021,191

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,952,647	$ -	$ -	$ 1,952,647
Financial assets at fair value through other comprehensive income				
Equity securities	824,506	-	2,820,372	3,644,878
Total	$ 2,777,153	$ -	$ 2,820,372	$ 5,597,525

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund	Government bond	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Net asset value	Translation price	Weighted average quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 2,820,372	$ 2,031,480
Received in the period	53,000	-
(Losses) gains recognized in other comprehensive income	(467,811)	788,892
At December 31	$ 2,405,561	$ 2,820,372

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. The finance division is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, updating inputs used to the valuation model and making any other necessary

adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 118,812	Market comparable companies	Price to book ratio multiple	3.18	The higher the multiple, the higher the fair value
〃	40,408	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,193,341	Net asset value	Not applicable	-	Not applicable
Hybrid instrument					
Convertible notes	53,000	Binomial Model	Not applicable	-	Not applicable

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 106,304	Market comparable companies	Price to book ratio multiple	15.33	The higher the multiple, the higher the fair value
〃	30,270	Net assetvalue	Not applicable	-	Not applicable
Private equity fund investment	2,683,798	Net assetvalue	Not applicable	-	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

	Input	Change	December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable Change	Unfavourable change	Favourable Change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	± 1%	$ -	$ -	$ 1,519	($ 1,519)

	Input	Change	December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable Change	Unfavourable change	Favourable Change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	± 1%	$ -	$ -	$ 7,283	($ 7,283)

(4) Effects on the Group's operation arising from the COVID-19 pandemic

In response to the COVID-19 pandemic, the Company adjusted the working pattern of its employees, enhanced cleaning and disinfection and other measures to comply with the government regulations. As at December 31, 2022, the Group assessed that the epidemic had no significant impact on the overall operating activities and financial statements.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.
B. Provision of endorsements and guarantees to others: Please refer to table 2.
C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.
E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.
G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.
H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.
I. Trading in derivative instruments undertaken during the reporting periods: None.
J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations, and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 1, 2 and 6.

(4) Major shareholders information

As at December 31, 2022, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the consolidated financial statements. The accounting policy of operating segments is the same as that described in Note 4.

(3) Information on segment profit (loss), assets and liabilities

The revenue from external customers and segment financial information reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

(4) Reconciliation for segment profit (loss)

The segment assets, liabilities and profit before income tax reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated balance sheet and consolidated statement of comprehensive income. As a result, no reconciliation was reported.

(5) Information on products and services

Revenue from external customers is derived from the sale of integrated circuits. Other income is derived from design, royalty and technical services.

Breakdown of the revenue from all sources are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from ICs	$ 111,560,194	$ 105,374,969
Others	229,597	129,317
Total	$ 111,789,791	$ 105,504,286

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 48,934,459	$ 10,914,084	$ 48,015,150	$ 9,397,141
Asia	61,794,824	643,800	56,984,374	670,167
Others	1,060,508	79,018	504,762	96,671
Total	$ 111,789,791	$ 11,636,902	$ 105,504,286	$ 10,163,979

Note: Non-current assets exclude financial instruments and deferred income tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Segment	Revenue	Segment
Customer B	$ 23,180,512	The whole group	$ 24,336,918	The whole group
Customer D	25,425,420	"	22,895,750	"
Customer A	16,520,851	"	16,083,737	"

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022	Actual amount drawn down (Note 4)	Interest rate(%)	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral: Item	Collateral: Value	Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
0	Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Other receivables-related parties	Y	$ 100,000	$ 100,000	$ 70,000	2.00	Short-term financing	$ -	Operations	$ -	None	$ -	$ 4,675,323	$ 18,701,293	None
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	Other receivables-related parties	Y	61,416	61,416	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	Other receivables-related parties	Y	300,000	300,000	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Bluocean Inc.	Other receivables-related parties	Y	2,149,560	2,149,560	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	2,456,640	2,456,640	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	Other receivables-related parties	Y	3,070,800	3,070,800	1,197,612	4.30	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Amber Universal Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	2,487,348	4.30	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
1	Leading Enterprises Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	1,842,480	1,842,480	1,777,993	4.30	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
2	Amber Universal Inc.	Blueocean Inc.	Other receivables-related parties	Y	1,535,400	1,535,400	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
2	Amber Universal Inc.	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3,078,800	3,078,800	138,186	4.30	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
3	Cortina Access, Inc.	Leading Enterprises Limited	Other receivables-related parties	Y	921,240	921,240	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022	Actual amount drawn down (Note 4)	Interest rate(%)	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
4	Realtek Singapore Private Limited	Leading Enterprises Limited	Other receivables-related parties	Y	$ 3,070,800	$ 3,070,800	$ 1,375,718	4.30	Short-term financing	$ -	Operations	$ -	None	$ -	$ 18,701,293	18,701,293	None
4	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	Other receivables-related parties	Y	61,416	61,416	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	Other receivables-related parties	Y	921,240	921,240	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Singapore Private Limited	Bluocean Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Singapore Private Limited	Amber Universal Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	15,354	4.30	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
5	Realsil Microelectronics Corp.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	353,400	353,400	143,790	4.35	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
5	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	Other receivables-related parties	Y	353,400	353,400	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
6	Cortina Network Systems (Shanghai) Co., Ltd.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	132,525	132,525	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The Company's "Procedures for Provision of Loans" are as follows:

(1) Ceiling on total loans granted by the Company to all parties is 40% of the Company's net assets value as per its most recent financial statements.

(2) Limit on loans to a single party with business transactions is the business transactions occurred between the creditor and borrower in the current year. The business transaction amount is the higher of purchasing and selling during current year on the year of financing.

(3) For companies needing for short-term financing, the cumulative lending amount may not exceed 40% of the borrowing company's net assets based on its latest financial statements audited or reviewed by independent auditors.

The amount the Company or its subsidiaries lend to an individual entity may not exceed 10% of the Company's or subsidiary's net assets based on its latest financial statements audited or reviewed by independent auditors.

For the foreign companies which the Company holds 100% of the voting rights directly or indirectly, limit on loans is not restricted as stipulated in the above item (3). However, the ceiling on total loans and limit on loans to a single party may not exceed 40% of the Company's net assets based on its latest financial statements audited or reviewed by independent auditors.

Note 3: Accumulated maximum outstandings balance of loans to others as at the reporting month of the current period.

Note 4: Fill in the actual amount of loans to others used by the borrowing company.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limited on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ amount as at December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amont drawn down (Note 6)	Amount of endorsements/gurantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Realtek Semiconductor Corporation	Realtek Singapore Private Limited	2	$ 23,376,616	$ 4,675,323	$ 4,675,323	$ -	$ -	10%	$ 23,376,616	Y	N	N	
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	2	23,376,616	9,350,646	9,350,646	-	-	20%	23,376,616	Y	N	N	
0	Realtek Semiconductor Corporation	Realsil Microelectronics Corp.	2	23,376,616	1,402,597	1,402,597	-	-	3%	23,376,616	Y	N	Y	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	2	23,376,616	1,402,597	1,402,597	-	-	3%	23,376,616	Y	N	Y	
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	2	23,376,616	935,065	935,065	-	-	2%	23,376,616	Y	N	N	
1	Leading Enterprises Limited	Realsil Microelectronics Corp.	2	23,376,616	614,160	614,160	-	-	1%	23,376,616	N	N	Y	
2	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	2	23,376,616	614,160	614,160	-	-	1%	23,376,616	N	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total endorsements/guarantees granted by the Company and subsidiaries is 50% of the Company's net asset based on the latest financial statements audited or reviewed by independent auditors, and limit on endorsements/guarantees to a single party is 50% of the Company's net asset based on the latest financial statements audited or reviewed by independent auditors.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as at the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Gorverning Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As at December 31, 2022				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Realtek Semiconductor Corporation	C-media Electronics Inc. - Common stock	Other related parties	Financial assets at fair value through profit or loss	1, 278, 501	$ 57, 533	1. 63%	$ 57, 533	
Realtek Semiconductor Corporation	Nuheara Ltd - Convertible notes	None	Financial assets at fair value through profit or loss	-	53, 000	-	53, 000	
Realtek Semiconductor Corporation	Nuheara Ltd - Common stock	None	Financial assets at fair value through other comprehensive income	14, 166, 667	61, 455	11. 85%	61, 455	
Realking Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	3, 575, 000	90, 984	5. 26%	90, 984	
Realsun Investment Co., Ltd.	Shieh-Yong Investment Co., Ltd. - Common stock	None	Financial assets at fair value through other comprehensive income	66, 817, 958	554, 000	3. 03%	554, 000	
Realsun Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	3, 575, 000	90, 984	5. 26%	90, 984	
Leading Enterprises Limited	Fortemedia Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8, 837, 301	100, 387	6. 89%	100, 387	
Leading Enterprises Limited	Starix Technology, Inc.-Preferred stock	None	Financial assets at fair value through other comprehensive income	5, 000, 000	18, 425	-	18, 425	
Leading Enterprises Limited	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	9, 000, 000	1, 074, 834	12. 49%	1, 074, 834	
Leading Enterprises Limited	Apple Inc. - Corporate bond	None	Financial assets at amortised cost	-	268, 228	-	268, 228	
Leading Enterprises Limited	Qualcomm Inc. - Corporate bond	None	Financial assets at amortised cost	-	264, 346	-	264, 346	
Amber Universal Inc.	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	4, 726, 836	564, 507	6. 56%	564, 507	
Hung-wei Venture Capital Co., Ltd.	United Microelectronics Corporation - Common stock	None	Financial assets at fair value through other comprehensive income	336, 346	14, 093	-	14, 093	
Hung-wei Venture Capital Co., Ltd.	C-media Electronics Inc.- Common stock	Other related parties	Financial assets at fair value through profit or loss	2, 274, 875	102, 369	2. 89%	102, 369	
Hung-wei Venture Capital Co., Ltd.	Greatek Electroninc Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	5, 823, 602	280, 989	1. 02%	280, 989	
Hung-wei Venture Capital Co., Ltd.	Subtron technology Co., Ltd - Common stock	None	Financial assets at fair value through other comprehensive income	1, 093, 968	28, 771	0. 37%	28, 771	
Hung-wei Venture Capital Co., Ltd.	Embestor Technology Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	2, 800, 000	40, 408	10. 77%	40, 408	
Blueocean Inc.	CyWeeMotion Group Limited	None	Financial assets at fair value through other comprehensive income	8, 422, 256	-	7. 01%	-	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As at December 31, 2022 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Blueocean Inc.	Eargo, Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8,383,279	$ 143,983	2.02%	$ 143,983	
Talent Eagle Enterprise Inc.	Eargo, Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	2,092,504	35,939	0.50%	35,939	
Realsil Microelectronics Corp.	Cuam Money Fund	None	Financial assets at fair value through profit or loss	63,163,125	278,732	-	278,732	
Realsil Microelectronics Corp.	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	15,160,700	66,903	-	66,903	
Realsil Microelectronics Corp.	BOC Cash Fund	None	Financial assets at fair value through profit or loss	33,837,841	149,323	-	149,323	
Realsil Microelectronics Corp.	Guang-Fa Currency Fund	None	Financial assets at fair value through profit or loss	98,744,567	434,571	-	434,571	
Realsil Microelectronics Corp.	WAN JIA Monetary Fund	None	Financial assets at fair value through profit or loss	10,147,702	44,781	-	44,781	
Realsil Microelectronics Corp.	Guang-Fa Demand Policy Loan Fund	None	Financial assets at fair value through profit or loss	5,019,551	22,151	-	22,151	
Realsil Microelectronics Corp.	Jian-Xin Monetary Fund	None	Financial assets at fair value through profit or loss	10,038,360	44,298	-	44,298	
Realsil Microelectronics Corp.	Pu-Yin Monetary Fund	None	Financial assets at fair value through profit or loss	5,015,764	22,134	-	22,134	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund A	None	Financial assets at fair value through profit or loss	9,884,954	43,621	-	43,621	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund B	None	Financial assets at fair value through profit or loss	10,119,498	44,656	-	44,656	
Realtek Semiconductor (Shen Zhen) Corp.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	26,045,755	114,937	-	114,937	
Cortina Network Systems (Shanghai) Co. Ltd.	Step by step Gold Fund	None	Financial assets at fair value through profit or loss	16,100,000	71,048	-	71,048	
Cortina Network Systems (Shanghai) Co. Ltd.	Cuam Money Fund	None	Financial assets at fair value through profit or loss	10,003,500	44,144	-	44,144	
Cortina Network Systems (Shanghai) Co. Ltd.	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	5,004,932	22,086	-	22,086	
Realtek Investment Singapore Private Limited	Bond funds	None	Financial assets at fair value through profit or loss	-	305,145	-	305,145	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable(payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	(Sales)	($ 9,142,682)	(8%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	$ 1,048,725	9%	
Realtek Semiconductor Corporation	Actions Semiconductor Co., Ltd.	Other related parties	(Sales)	(53,120)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	-	0%	
Realtek Semiconductor Corporation	C-Media Electronics Inc.	Other related parties	(Sales)	(337,353)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	46,131	0%	
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	(Sales)	(97,058)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	21,130	0%	
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	(Sales)	(7,281,111)	(7%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	1,478,273	12%	
Realtek Semiconductor Corporation	Greatek Electronics Inc.	Other related parties	Purchase	694,922	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(90,031)	1%	
Realtek Singapore Private Limited	Greatek Electronics Inc.	Other related parties	Purchase	350,704	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(64,824)	0%	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	$ 1,048,725	6.50	$ -	-	$ 691,384	$ 10,593
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	1,478,273	5.17	-	-	727,379	-

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	1	Other receivables	$ 49,959	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
0	Realtek Semiconductor Corporation	Realtek Korea Inc.	1	Technical service fees	132,850	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.12%
0	Realtek Semiconductor Corporation	Realtek Korea Inc.	1	Other payables	18,801	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.02%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Technical service fees	623,576	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.56%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Other payables	169,841	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.15%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Technical service fees	2,812,029	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	2.52%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Prepaid account	73,699	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.06%
1	Realtek Singapore Private Limited	Realtek Semiconductor(Shen Zhen) Corp.	3	Technical service fees	628,378	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.56%
1	Realtek Singapore Private Limited	Realtek Semiconductor(Shen Zhen) Corp.	3	Other payables	41,456	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Technical service fees	245,414	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.22%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Other payables	14,724	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co. Ltd.	3	Technical service fees	151,947	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.14%
1	Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co. Ltd.	3	Other payables	40,600	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Technical service fees	186,317	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.17%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Other payables	7,537	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	Realtek Semiconductor (Japan) Corp.	3	Technical service fees	67,041	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.06%
1	Realtek Singapore Private Limited	Realtek Viet Nam Co. Ltd.	3	Technical service fees	36,193	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.03%
1	Realtek Singapore Private Limited	Realtek Semiconductor (Malaysia) Sdn. Bhd.	3	Technical service fees	15,674	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	3	Other receivables	49,959	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Only transactions above NT$10 million are disclosed. Transactions of related parties are not further disclosed here.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Realtek Semiconductor Corporation	Leading Enterprises Limited	British Virgin Islands	Investment holdings	$ -	$ 13,676,922	-	-	$ -	($ 76,336)	($ 136,075)	Subsidiary
Realtek Semiconductor Corporation	Amber Universal Inc.	British Virgin Islands	Investment holdings	4,833,896	4,358,823	41,432	100%	3,735,840	69,393	69,393	Subsidiary
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Singapore	ICs manufacturing, design, research, development, sales, and marketing	4,357,007	3,928,798	116,059,638	100%	47,105,531	15,285,229	15,286,889	Subsidiary
Realtek Semiconductor Corporation	Bluocean Inc.	Cayman Islands	Investment holdings	-	3,047,285	-	-	-	(33,218)	(39,716)	Subsidiary
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	-	3,159,429	-	-	-	(27,379)	6,459	Subsidiary
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	Singapore	Investment holdings	6,141,600	5,538,000	200,000,000	100%	6,925,958	117,565	117,565	Subsidiary
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd.	Taiwan	Investment holdings	280,000	280,000	28,000,000	100%	691,262	16,284	16,284	Subsidiary
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Taiwan	Investment holdings	250,000	250,000	25,000,000	100%	422,217	(85,095)	(85,095)	Subsidiary
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	Taiwan	Investment holdings	293,930	293,930	29,392,985	100%	259,432	(5,547)	(5,547)	Subsidiary
Realtek Semiconductor Corporation	Realsun Technology Corporatioin	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	5,000	5,000	500,000	100%	5,030	(37)	(37)	Subsidiary
Realtek Semiconductor Corporation	Bobitag Inc.	Taiwan	Manufacturing and installation of computer equipment and wholesasle, retail and related services of electronic materials and information/software	19,189	19,189	1,918,910	66.67%	19,436	276	184	Subsidiary
Realtek Semiconductor Corporation	AICONNX Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	20,000	20,000	2,000,000	100%	(5,269)	(22,073)	(20,948)	Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Realtek Semiconductor Corporation	Estinet Technologies Incorporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	$ 110,000	$ 110,000	2,000,000	6.89%	$ 2,276	($ 47,721)	($ 2,822)	Investments accounted for under equity method
Realking Investments Co., Ltd.	Innorich Venture Capital Corp.	Taiwan	Venture capital activities	200,000	200,000	20,000,000	37.38%	135,808	(13,674)	(6,811)	Investments accounted for under equity method
Realking Investments Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	10,000	10,000	1,000,000	10%	7,242	(24,645)	(2,465)	Investments accounted for under equity method
Realsun Investments Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	23,000	23,000	2,300,000	23%	16,655	(24,645)	(5,668)	Investments accounted for under equity method
Hung-wei Venture Capital Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	12,000	12,000	1,200,000	12%	8,690	(24,645)	(2,957)	Investments accounted for under equity method
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Japan	Information collection and technical support	4,627	4,812	400	100%	1,971	(176)	(176)	Sub-Subsidiary
Leading Enterprises Limited	Circon Universal Inc.	Mauritius	Investment holdings	9,212	8,307	300,000	100%	7,950	45	45	Sub-Subsidiary
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Hong Kong	Information services and technical support	5,901	5,326	-	100%	1,121	(23)	(23)	Sub-Subsidiary
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Mauritius	Investment holdings	867,501	782,243	2,825,000	100%	2,138,374	138,531	138,531	Sub-Subsidiary
Realtek Singapore Private Limited	Cortina Access Inc.	U.S.A	R&D and technical support	1,254,299	1,131,026	16,892	100%	926,727	17,389	17,389	Sub-Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	Taiwan	R&D and technical support	$ 61,416	$ 55,380	21,130,000	100%	$ 75,126	$ 23,963	$ 23,963	Sub-Subsidiary
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	Vietnam	R&D and technical support	122,832	110,760	4,000,000	100%	85,185	2,421	2,421	Sub-Subsidiary
Realtek Singapore Private Limited	Leading Enterprises Limited	British Virgin Islands	Investment holdings	15,167,602	-	34,630	100%	14,287,695	(76,336)	59,739	Sub-Subsidiary
Realtek Singapore Private Limited	Bluocean Inc.	Cayman Islands	Investment holdings	3,379,415	-	110,050,000	100%	3,506,802	(33,218)	6,498	Sub-Subsidiary
Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	3,503,783	-	114,100,000	100%	2,377,010	(27,379)	(33,838)	Sub-Subsidiary
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	U.S.A	R&D and technical support	1,842,480	1,661,400	60,000,000	100%	296,291	14,021	14,021	Sub-Subsidiary
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn.Bhd.	Malaysia	R&D and technical support	72,519	69,275	10,450,000	100%	67,368	2,327	2,327	Sub-Subsidiary
Bluocean Inc.	Realtek Korea Inc.	Korea	R&D and technical support	48,177	-	200,000	100%	54,047	5,624	5,624	Sub-Subsidiary

Note：The amount of foreign currencies denominated in New Taiwan dollars in this table, which relates to income and expenses which were re-translated at the average exchange rate from January 1, 2022 to December 31, 2022, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note2)	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Cortina Network Systems (Shanghai) Co., Ltd.	R&D and technical support	$ 110,549	(2)	$ 110,549	$ -	$ -	$ 110,549	$ 10,346	100%	$ 10,346	$ 112,605	$ -	
Realsil Microelectronics Corp.	R&D and technical support	859,824	(2)	859,824	-	-	859,824	146,081	100%	146,081	2,133,820	-	
Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	153,540	(2)	153,540	-	-	153,540	21,793	100%	21,793	311,475	-	
RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	115,838	(2)	115,838	-	-	115,838	(21,114)	100%	(21,114)	382,720	-	
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	44,129	(2)	44,129	-	-	44,129	(83,656)	100%	(83,656)	(141,859)	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Cortina Network Systems (Shanghai) Co., Ltd.	$ 110,549	$ 110,549	$ 28,051,940
Realsil Microlectronics Corp.	859,824	859,824	
Realtek Semiconductor (Shan Zhen) Corp.	153,540	153,540	
RayMX Microelectronics Corp.	115,838	115,838	
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	44,129	44,129	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others.

Note 2: In the Investment income (loss) recognised by the Company for the year ended December 31, 2022 column,except for the financial statements of Cortina Network Systems (Shanghai) Co. Ltd. were audited by other independent auditors, the remaining financial statements were audited by the independent auditors of parent company in Taiwan.

Note 3: The amount of foreign currencies denominated in New Taiwan dollars in this table, which relates to income and expenses which were re-translated at the average exchange rate from January 1, 2022 to December 31, 2022, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.

VI. Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22003333

To the Board of Directors and Shareholders of Realtek Semiconductor Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Realtek Semiconductor Corporation (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial satatements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(11) of the parent company only financial statements for inventory valuation policies, Note 5(2) for uncertainty of accounting estimates and assumptions of inventory valuation and Note 6(3) for the details of inventories.

The Company is primarily engaged in researching, developing, manufacturing, selling of various integrated circuits and related application software. Inventories are stated at the lower of cost and net realizable value. Due to the balances of inventories are significant to the financial statements and the rapid technological changes in the industry, there is a higher risk of decline in market value and obsolescence of inventories. Thus, we considered the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of accounting policies on the provision for inventory valuation losses and assessed the reasonableness.
2. Validated the accuracy of inventory aging report, as well as sampled and confirmed the consistency of quantities and amounts with detailed inventory listing, verified dates of movements with supporting documents and ensured the proper categorization of inventory aging report.
3. Evaluated and confirmed the reasonableness of net realizable value for inventories through validating respective supporting documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under equity method. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors. Investments accounted for under equity method amounted to NT$424,493 thousand and NT$763,850 thousand, constituting 0.42% and 0.83% of total assets as at December 31, 2022 and 2021, respectively. Comprehensive (losses) income amounted to (NT$266,649) thousand and NT$236,416 thousand, constituting (1.29)% and 1.42% of total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Li, Tien-Yi　　　　Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,538,812	3	$ 2,874,335	3
1110	Financial assets at fair value through profit or loss - current		57,533	-	129,129	-
1170	Accounts receivable, net	6(2)	5,364,402	5	7,908,657	9
1180	Accounts receivable, net - related parties	6(2) and 7	1,096,212	1	1,809,669	2
1200	Other receivables		2,861	-	8,161	-
1210	Other receivables - related parties	7	6,910,735	7	7,534,133	8
130X	Inventories, net	6(3)	12,024,974	12	11,800,895	13
1410	Prepayments		366,842	-	486,118	-
11XX	**Total current assets**		28,362,371	28	32,551,097	35
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current		53,000	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current		61,455	-	-	-
1535	Financial assets at fair value - non-current	8	81,197	-	75,858	-
1550	Investments accounted for under equity method	6(4)	59,161,713	59	48,827,097	53
1600	Property, plant and equipment	6(5)	7,133,169	7	5,891,478	7
1755	Right-of-use assets	6(6)	1,331,689	1	1,357,716	2
1780	Intangible assets	6(7)	2,353,616	3	2,143,811	2
1840	Deferred income tax assets		132,969	-	171,321	-
1900	Other non-current assets		2,262,850	2	719,802	1
15XX	**Total non-current assets**		72,571,658	72	59,187,083	65
1XXX	**Total assets**		$ 100,934,029	100	$ 91,738,180	100

(Continued)

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8)	$ 13,737,994	14	$ 13,342,100	15
2130	Contract liabilities - current	6(16)	52,282	-	84,259	-
2150	Notes payable		-	-	3,276	-
2170	Accounts payable		4,411,608	5	7,349,443	8
2180	Accounts payable - related parties	7	90,102	-	236,973	-
2200	Other payables	6(9)	25,604,066	25	22,905,637	25
2220	Other payables - related parties	7	232,531	-	63,954	-
2230	Current income tax liabilities		1,374,807	1	1,443,630	2
2280	Lease liabilities - current		27,166	-	26,419	-
2300	Other current liabilities	6(16)	5,701,663	6	5,044,464	5
21XX	**Total current liabilities**		51,232,219	51	50,500,155	55
	Non-current liabilities					
2540	Long-term borrowings	6(10)	1,713,316	2	1,002,799	1
2570	Deferred income tax liabilities		62,725	-	103,512	-
2580	Lease liabilities - non-current		1,067,060	1	1,078,976	2
2600	Other non-current liabilities	6(11)	105,477	-	110,087	-
25XX	**Total non-current liabilities**		2,948,578	3	2,295,374	3
2XXX	**Total liabilities**		54,180,797	54	52,795,529	58
	Equity					
	Share capital	6(12)				
3110	Common shares		5,128,636	5	5,106,849	5
	Capital surplus	6(13)				
3200	Capital surplus		1,045,147	1	1,101,079	1
	Retained earnings	6(14)				
3310	Legal reserve		7,262,359	7	5,577,083	6
3320	Special reserve		1,776,089	2	1,556,049	2
3350	Undistributed earnings		28,854,826	29	27,377,681	30
	Other equity	6(15)				
3400	Other equity interest		2,686,175	2	(1,776,090)	(2)
3XXX	**Total equity**		46,753,232	46	38,942,651	42
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 100,934,029	100	$ 91,738,180	100

The accompanying notes are an integral part of these parent company only financial statements.

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16) and 7	$ 67,491,952	100	$ 68,352,652	100
5000	Operating costs	6(3) and 7	(35,701,718)	(53)	(35,369,895)	(52)
5900	Gross profit		31,790,234	47	32,982,757	48
5910	Unrealized profit from sales		(168)	-	-	-
5920	Realized profit from sales		1,427	-	-	-
5950	Net operating margin		31,791,493	47	32,982,757	48
	Operating expenses	7				
6100	Selling expenses		(2,979,097)	(4)	(2,968,243)	(4)
6200	General and administrative expenses		(2,880,970)	(4)	(2,808,054)	(4)
6300	Research and development expenses		(24,745,357)	(37)	(23,003,371)	(34)
6450	Expected credit gains (losses)	12(2)	33,415	-	(3,350)	-
6000	Total operating expenses		(30,572,009)	(45)	(28,783,018)	(42)
6900	Operating income		1,219,484	2	4,199,739	6
	Non-operating income and expenses					
7100	Interest income	7	227,202	-	27,803	-
7010	Other income	7	227,189	-	66,543	-
7020	Other gains and losses		203,097	-	(205,702)	(1)
7050	Finance costs		(201,454)	-	(94,875)	-
7070	Share of profit of associates and joint ventures accounted for under equity method	6(4)	15,206,534	23	13,564,251	20
7000	Total non-operating income and expenses		15,662,568	23	13,358,020	19
7900	**Profit before income tax, net**		16,882,052	25	17,557,759	25
7950	Income tax expense		(678,000)	(1)	(705,000)	(1)
8200	**Net income for the year**		$ 16,204,052	24	$ 16,852,759	24
	Other comprehensive income, net	6(15)				
	Components of other comprehensive income (losses) that will not be reclassified to profit or loss					
8316	Unrealised income from investments in equity instruments measured at fair value through other comprehensive income		$ 26,419	-	$ -	-
8330	Share of other comprehensive (losses) income of associates and joint ventures accounted for under equity method		(1,015,383)	(1)	995,872	2
8310	Total other comprehensive (losses) income that will not be reclassified to profit or loss		(988,964)	(1)	995,872	2
	Components of other comprehensive (losses) income that will be reclassified to profit or loss					
8380	Share of other comprehensive income (losses) of associates and joint ventures accounted for under equity method		5,451,229	8	(1,215,913)	(2)
8300	**Other comprehensive income (losses) ,net**		$ 4,462,265	7	($ 220,041)	-
8500	**Total comprehensive income for the year**		$ 20,666,317	31	$ 16,632,718	24
	Earnings Per Share (in dollars)					
9750	Basic earnings per share		$	31.62	$	33.00
	Diluted earnings per share (in dollars)					
9850	Diluted earnings per share		$	30.48	$	32.38

The accompanying notes are an integral part of these parent company only financial statements.

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest		
	Notes	Common shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealised income from financial assets measured at fair value through other comprehensive income	Total equity
2021									
Balance at January 1, 2021		$ 5,106,849	$ 2,122,008	$ 5,577,083	$ 217,036	$ 17,992,154	($ 2,940,958)	$ 1,384,909	$ 29,459,081
Net income for the year		-	-	-	-	16,852,759	-	-	16,852,759
Other comprehensive income (loss)	6(15)	-	-	-	-	-	(1,215,913)	995,872	(220,041)
Total comprehensive income (loss)		-	-	-	-	16,852,759	(1,215,913)	995,872	16,632,718
Distribution of 2020 earnings									
Special reserve	6(14)	-	-	-	1,339,013	(1,339,013)	-	-	-
Cash dividends	6(14)	-	-	-	-	(6,128,219)	-	-	(6,128,219)
Cash from capital surplus	6(13)	-	(1,021,370)	-	-	-	-	-	(1,021,370)
Changes in equity of associates accounted for under equity method	6(13)	-	226	-	-	-	-	-	226
Cash dividends returned	6(13)	-	215	-	-	-	-	-	215
Balance at December 31, 2021		$ 5,106,849	$ 1,101,079	$ 5,577,083	$ 1,556,049	$ 27,377,681	($ 4,156,871)	$ 2,380,781	$ 38,942,651
2022									
Balance at January 1, 2022		$ 5,106,849	$ 1,101,079	$ 5,577,083	$ 1,556,049	$ 27,377,681	($ 4,156,871)	$ 2,380,781	$ 38,942,651
Net income for the year		-	-	-	-	16,204,052	-	-	16,204,052
Other comprehensive income (loss)	6(15)	-	-	-	-	-	5,451,229	(988,964)	4,462,265
Total comprehensive income (loss)		-	-	-	-	16,204,052	5,451,229	(988,964)	20,666,317
Distribution of 2021 earnings									
Legal reserve	6(14)	-	-	1,685,276	-	(1,685,276)	-	-	-
Special reserve	6(14)	-	-	-	220,040	(220,040)	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,821,591)	-	-	(12,821,591)
Employees' compensation transferred to common shares	6(12)(13)	21,787	969,551	-	-	-	-	-	991,338
Cash from capital surplus	6(13)	-	(1,025,727)	-	-	-	-	-	(1,025,727)
Cash dividends returned	6(13)	-	244	-	-	-	-	-	244
Balance at December 31, 2022		$ 5,128,636	$ 1,045,147	$ 7,262,359	$ 1,776,089	$ 28,854,826	$ 1,294,358	$ 1,391,817	$ 46,753,232

The accompanying notes are an integral part of these parent company only financial statements.

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 16,882,052	$ 17,557,759
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation		976,697	833,678
Amortization		1,589,992	1,272,531
Expected credit (gains)losses	12(2)	(33,415)	3,350
Interest expense		201,454	94,875
Interest income		(227,202)	(27,803)
Dividend income		(1,278)	(1,434)
Losses(gains) on financial assets at fair value through profit or loss		71,596	(47,244)
Share of gain of associates and joint ventures accounted for under equity method	6(4)	(15,206,534)	(13,564,251)
Gain on disposal of property, plant and equipment		(1,002)	(200)
Losses on disposal of investments		-	145
Impairment loss		3,031	-
Gains arising from lease modifications		(24)	(236)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		-	42,475
Accounts receivable, net		2,570,380	(324,856)
Accounts receivable, net - related parties		720,747	1,160
Other receivables		5,391	(4,354)
Other receivables, - related parties		(13,074)	(16,956)
Inventories		(224,079)	(5,771,338)
Prepayments		119,276	(109,607)
Changes in operating liabilities			
Contract liabilities - current		(31,977)	(78,821)
Notes payable		(3,276)	-
Accounts payable		(2,937,835)	(259,649)
Accounts payable - related parties		(146,871)	(16,718)
Other payables		4,010,659	8,980,596
Other payables - related parties		168,577	3,170
Other current liabilities		657,199	(195,584)
Accrued pension obligations		(4,484)	(4,606)

(Continued)

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
Cash inflow generated from operations		$ 9,146,000	$ 8,366,082
Interest received		227,111	27,824
Dividends received		6,235,211	5,670,493
Interest paid		(198,423)	(91,496)
Income taxes paid		(748,966)	(325,663)
Net cash flows from operating activities		14,660,933	13,647,240
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(53,000)	-
Acquisition of financial assets at fair value through other comprehensive income		(35,037)	-
Acquisition of financial assets at amortised cost		(10,125)	(627)
Proceeds from disposal of financial assets at amortised cost		4,786	62
Increase in other receivables, - related parties		(11,788,573)	(10,323,895)
Decrease in other receivables, - related parties		15,495,845	3,500,242
Acquisition of investments accounted for under equity method		-	(20,000)
Proceeds from disposal of investments accounted for under equity method		-	110
Acquisition of property, plant and equipment		(2,349,017)	(2,425,189)
Proceeds from disposal of property, plant and equipment		4,064	200
Acquisition of intangible assets		(1,953,420)	(1,167,374)
Increase in refundable deposits		(1,452,037)	(684,997)
Increase in other non-current assets		(91,011)	-
Net cash flows used in investing activities		(2,227,525)	(11,121,468)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		161,350,173	155,016,591
Decrease in short-term borrowings		(160,954,279)	(153,131,181)
Increase in long-term borrowings		711,110	1,017,360
Repayment of principal portion of lease liabilities		(28,142)	(35,293)
(Decrease) increase in guarantee deposits		(719)	12
Cash from capital surplus and cash dividends		(13,847,318)	(7,149,589)
Cash dividends returned		244	215
Net cash flows used in financing activities		(12,768,931)	(4,281,885)
Net decrease in cash and cash equivalents		(335,523)	(1,756,113)
Cash and cash equivalents at beginning of year		2,874,335	4,630,448
Cash and cash equivalents at end of year		$ 2,538,812	$ 2,874,335

The accompanying notes are an integral part of these parent company only financial statements.

REALTEK SEMICONDUCTOR CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Realtek Semiconductor Corporation (the "Company") was incorporated as a company limited by shares on October 21, 1987 and commenced commercial operations in March 1988. The Company was based in Hsinchu Science Park since October 28, 1989. The Company is engaged in the research, development, design, testing, and sales of ICs and application softwares for these products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 24, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards, interpretations and amendments have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards, interpretations and amendments have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards, interpretations and amendments have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities held mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known

amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses(ECLs) if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime ECLs if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the

weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for under equity method / associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

G. Unrealised gains or losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. In the case that an associate issues new shares and the Company does not subscribe or acquire

new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the parent company only financial statements.

(13) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic

benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of the fixed assets are as follows: buildings - 10~55 years and other fixed assets - 3~5 years.

(14) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(15) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Other intangible assets

Separately acquired intangible assets with a finite useful life are stated at cost, net of accumulated amortisation and accumulated impairment. Intangible assets acquired in a business combination are recognized at fair value at acquisition date. The amortisation amounts of separately and parent company only acquired intangible assets were amortised on a straight-line basis over their estimated useful lives of 2-5 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than

what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and recognized as interest expense in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pension

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board meeting resolution.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells various integrated circuit related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognized based on the price specified in the contract. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Services revenue

Revenue from design, royalty and technical services is recognized after completing the services in which the services are rendered.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As at December 31, 2022, the carrying amount of inventories was $12,024,974.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 577	$ 706
Checking accounts and demand deposits	2,538,235	2,873,629
	$ 2,538,812	$ 2,874,335

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 5,418,624	$ 7,989,004
Accounts receivable – related parties	1,107,285	1,828,032
Less: Allowance for bad debts	(65,295)	(98,710)
	$ 6,460,614	$ 9,718,326

A. The aging analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 6,481,979	$ 9,733,237
Up to 30 days	43,893	81,271
31 to 90 days	-	2,067
Over 90 days	37	461
	$ 6,525,909	$ 9,817,036

The above aging analysis is based on past due date.

B. As at December 31, 2022 and 2021, accounts receivable arose from contracts with customers. As at January 1, 2021, the balance of receivables from contracts with customers amounted to $9,493,340.

C. The Company has no accounts receivable pledged to others.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(3) Inventories

	December 31, 2022		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 3,586,261	($ 730,842)	$ 2,855,419
Work in process	4,477,022	(696,981)	3,780,041
Finished goods	6,181,572	(792,058)	5,389,514
Total	$ 14,244,855	($ 2,219,881)	$ 12,024,974

	December 31, 2021		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	$ 3,254,646	($ 203,996)	$ 3,050,650
Work in process	3,475,396	(238,173)	3,237,223
Finished goods	5,853,480	(340,458)	5,513,022
Total	$ 12,583,522	($ 782,627)	$ 11,800,895

Operating costs incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	Years ended December 31, 2022	Years ended December 31, 2021
Cost of inventories sold and others	$ 34,051,261	$ 35,229,040
Loss on decline in (gain on reversal of) market value, obsolete and slow-moving inventory	1,437,254	(233,181)
Loss on scrap inventory	213,203	374,036
	$ 35,701,718	$ 35,369,895

(4) Investments accounted for under equity method

	December 31, 2022	December 31, 2021
Subsidiaries:		
Leading Enterprises Limited	$ -	$ 13,271,128
Amber Universal Inc.	3,735,840	3,495,793
Realtek Singapore Private Limited	47,105,531	18,474,782
Realtek Investment Singapore Private Limited	6,925,958	6,138,099
Talent Eagle Enterprise Inc.	-	2,190,704
Bluocean Inc.	-	3,281,950
Realsun Investments Co., Ltd.	691,262	880,497
Hung-wei Venture Capital Co., Ltd.	422,217	758,769
Realking Investments Co., Ltd.	259,432	285,893
Realsun Technology Corporatioin	5,030	5,074
Bobitag Inc.	19,436	19,347
AICONNX Technology Corporation	(5,269)	19,980
Associates:		
Estinet Technologies Incorporation	2,276	5,081
	$ 59,161,713	$ 48,827,097

A. Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s 2022 consolidated financial statements.

B. The gain on investments accounted for under equity method amounted to $15,206,534 and $13,564,251 for the years ended December 31, 2022 and 2021, respectively.

C. AICONNX Technology Corporation was incorporated on December 20, 2021. The Company’s investment in the investee amounted to $20,000.

(5) Property, plant and equipment

	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
At January 1, 2022							
Cost	$ 489,370	$ 2,815,676	$ 4,145,587	$ 3,476,211	$ 434,352	$ 2,403,370	$13,764,566
Accumulated depreciation and impairment	-	(1,133,175)	(3,516,970)	(2,294,535)	(210,265)	(718,143)	(7,873,088)
	$ 489,370	$ 1,682,501	$ 628,617	$ 1,181,676	$ 224,087	$ 1,685,227	$ 5,891,478
2022							
At January 1	$ 489,370	$ 1,682,501	$ 628,617	$ 1,181,676	$ 224,087	$ 1,685,227	$ 5,891,478
Additions	-	-	121,371	683,932	39,965	1,334,467	2,179,735
Disposals	-	-	-	(3,062)	-	-	(3,062)
Reclassifications	-	-	172,492	2,891	-	(175,577)	(194)
Depreciation	-	(79,926)	(167,225)	(511,688)	(54,970)	(120,979)	(934,788)
At December 31	$ 489,370	$ 1,602,575	$ 755,255	$ 1,353,749	$ 209,082	$ 2,723,138	$ 7,133,169
At December 31, 2022							
Cost	$ 489,370	$ 2,375,329	$ 1,268,586	$ 2,922,654	$ 381,989	$ 3,010,717	$10,448,645
Accumulated depreciation and impairment	-	(772,754)	(513,331)	(1,568,905)	(172,907)	(287,579)	(3,315,476)
	$ 489,370	$ 1,602,575	$ 755,255	$ 1,353,749	$ 209,082	$ 2,723,138	$ 7,133,169

	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
At January 1, 2021							
Cost	$ 387,280	$ 2,758,801	$ 3,800,466	$ 2,904,416	$ 278,569	$1,034,223	$11,163,755
Accumulated depreciation and impairment	-	(1,050,324)	(3,401,211)	(1,889,965)	(167,599)	(627,652)	(7,136,751)
	$ 387,280	$ 1,708,477	$ 399,255	$ 1,014,451	$ 110,970	$ 406,571	$ 4,027,004
2021							
At January 1	$ 387,280	$ 1,708,477	$ 399,255	$ 1,014,451	$ 110,970	$ 406,571	$ 4,027,004
Additions	-	14,108	353,207	612,924	155,783	1,514,004	2,650,026
Reclassifications	102,090	42,767	-	-	-	(144,857)	-
Depreciation	-	(82,851)	(123,845)	(445,699)	(42,666)	(90,491)	(785,552)
At December 31	$ 489,370	$ 1,682,501	$ 628,617	$ 1,181,676	$ 224,087	$1,685,227	$ 5,891,478
At December 31, 2021							
Cost	$ 489,370	$ 2,815,676	$ 4,145,587	$ 3,476,211	$ 434,352	$2,403,370	$13,764,566
Accumulated depreciation and impairment	-	(1,133,175)	(3,516,970)	(2,294,535)	(210,265)	(718,143)	(7,873,088)
	$ 489,370	$ 1,682,501	$ 628,617	$ 1,181,676	$ 224,087	$1,685,227	$ 5,891,478

A. There was no capitalization of borrowing costs attributable to the property, plant and equipment.

B. The Company has no property, plant and equipment pledged to others.

(6) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings and transportation equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Land	$ 1,328,950	$ 1,350,829
Buildings	2,590	4,944
Transportation equipment	149	1,943
	$ 1,331,689	$ 1,357,716

	Depreciation	
	Years ended December 31,	
	2022	2021
Land	$ 33,148	$ 26,910
Buildings	6,967	19,572
Transportation equipment	1,794	1,644
	$ 41,909	$ 48,126

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $15,882 and $23,235, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 19,203	$ 18,924

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $47,345 and $54,217, respectively.

(7) Intangible assets

	Computer software	Intellectual property	Others	Total
At January 1, 2022				
Cost	$ 5,611,613	$ 5,614,097	$ 15,398	$ 11,241,108
Accumulated amortisation and impairment	(4,721,984)	(4,375,313)	-	(9,097,297)
	$ 889,629	$ 1,238,784	$ 15,398	$ 2,143,811
2022				
At January 1	$ 889,629	$ 1,238,784	$ 15,398	$ 2,143,811
Additions	1,453,003	308,553	38,241	1,799,797
Amortisation	(957,019)	(632,973)	-	(1,589,992)
At December 31	$ 1,385,613	$ 914,364	$ 53,639	$ 2,353,616
At December 31, 2022				
Cost	$ 7,064,615	$ 5,922,651	$ 53,638	$ 13,040,904
Accumulated amortisation and impairment	(5,679,001)	(5,008,287)	-	(10,687,288)
	$ 1,385,614	$ 914,364	$ 53,638	$ 2,353,616

	Computer software	Intellectual property	Others	Total
At January 1, 2021				
Cost	$ 5,071,405	$ 4,707,768	$ 1,222	$ 9,780,395
Accumulated amortisation and impairment	(3,975,903)	(3,848,863)	-	(7,824,766)
	$ 1,095,502	$ 858,905	$ 1,222	$ 1,955,629
2021				
At January 1	$ 1,095,502	$ 858,905	$ 1,222	$ 1,955,629
Additions	540,208	906,329	14,176	1,460,713
Amortisation	(746,081)	(526,450)	-	(1,272,531)
At December 31	$ 889,629	$ 1,238,784	$ 15,398	$ 2,143,811
At December 31, 2021				
Cost	$ 5,611,613	$ 5,614,097	$ 15,398	$ 11,241,108
Accumulated amortisation and impairment	(4,721,984)	(4,375,313)	-	(9,097,297)
	$ 889,629	$ 1,238,784	$ 15,398	$ 2,143,811

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2022	2021
Operating costs	$ 2,615	$ 1,374
Operating expenses	1,587,377	1,271,157
	$ 1,589,992	$ 1,272,531

(8) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 13,737,994	1.18%~2.3%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 13,342,100	0.42%~0.57%	None

The interest expense of long-term and short-term borrowing recognized in profit or loss amounted to $182,251 and $75,951 for the years ended December 31, 2022 and 2021, respectively.

(9) Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonus	$ 10,097,356	$ 8,499,995
Payable for employees'compensation	12,001,135	11,117,373
Other accrued expenses	2,075,424	1,373,848
Payables on equipment	114,514	283,796
Payables on software and intellectual property	1,292,307	1,445,930
Others	23,330	184,695
	$ 25,604,066	$ 22,905,637

(10) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	December 31, 2022
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8~ 2027/12/15	Repayable in instalment over the agreed period	0.925%～1. 125%	None	$ 1,713,316

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	December 31, 2021
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8~ 2026/12/15	Repayable in instalment over the agreed period	0.30%	None	$ 1,002,799

Note：The Ministry of Economic Affairs implemented the "Action Plan for Accelerated Investment by Domestic Corporations" on July 1, 2019. An entity can apply for a subsidised loan for an eligible investment project from financial institutions at a preferential interest rate. The Company is qualified for the loan as approved by the Ministry of Economic Affairs and entered into a loan contract with a financial institution with a credit period of 5 years. The loan is used for construction of plant and related facilities.

(11) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 624,489)	($ 628,846)
Fair value of plan assets	533,997	534,371
Net liability in the balance sheet	($ 90,492)	($ 94,475)

(c) Movement in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 628,846)	$ 534,371	($ 94,475)
Current service cost	(1,136)	-	(1,136)
Interest (expense) income	(4,641)	3,760	(881)
	(634,623)	538,131	(96,492)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,418)	(1,418)
Change in financial assumptions	38,312	-	38,312
Experience adjustments	(36,894)	-	(36,894)
	1,418	(1,418)	-
Pension fund contribution	-	6,000	6,000
Paid pension	8,716	(8,716)	-
At December 31	($ 624,489)	$ 533,997	($ 90,492)

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 600,923)	$ 501,842	($ 99,081)
Current service cost	(1,079)	-	(1,079)
Interest (expense) income	(2,056)	1,741	(315)
	(604,058)	503,583	(100,475)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	35,943	35,943
Change in demographic assumptions	(34,449)	-	(34,449)
Change in financial assumptions	29,040	-	29,040
Experience adjustments	(30,534)	-	(30,534)
	(35,943)	35,943	-
Pension fund contribution	-	6,000	6,000
Paid pension	11,155	(11,155)	-
At December 31	($ 628,846)	$ 534,371	($ 94,475)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2022	2021
Discount rate	1.40%	0.75%
Future salary increases	4.75%	4.75%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	$ 14,986	($ 15,511)	($ 14,672)	$ 14,260
December 31, 2021				
Effect on present value of defined benefit obligation	$ 16,290	($ 16,894)	($ 15,888)	$ 15,415

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to $6,000.

(g) As at December 31, 2022, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 340,419
2~5 years	147,204
5~10 years	162,984
	$ 650,607

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $349,206 and $307,768, respectively.

(12) Share capital

A. As at December 31, 2022, the Company’s authorised capital was $8,900,000, consisting of 890 million shares of ordinary stock (including 80 million shares reserved for employee stock options), and the paid-in capital was $5,128,636 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number (thousands of shares) of the Company's common shares outstanding are as follows:

	2022	2021
At January 1	510,684	510,684
Employees' compensation transferred to common stock	2,179	-
At December 31	512,863	510,684

B. On March 18, 2022, the Company's Board of Directors resolved to distribute employees' compensation in the form of stocks amounting to $991,338. The Company issued 2,179 thousand shares based on the closing price of the Company's share at the previous day of the Board meeting resolution at 455 NT dollar, which was approved by the competent authority, and the record date of issuance of new shares was March 30, 2022. The registration for the distribution of employees' compensation was completed on April 13, 2022.

C. On January 24, 2002, the Company increased its new common stock and sold its old common stock by issuing 13,924 thousand units of GDRs for cash. Each GDR unit represents 4 common stocks, so the total common stocks issued were 55,694 thousand shares. The Company's GDRs are traded in Luxembourg stock exchange. As at December 31, 2022, the outstanding GDRs were 311 thousand units, or 1,244 thousand shares of common stock, representing 0.24% of the Company's total common stocks.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022			
	Share premium	Change in equity of associates accounted for under equity method	Others	Total
At January 1	$ 1,039,006	$ 61,261	$ 812	$ 1,101,079
Employees'compensation transferred to common stock	969,551	-	-	969,551
Cash from capital surplus	(1,025,727)	-	-	(1,025,727)
Cash dividends returned	-	-	244	244
At December 31	$ 982,830	$ 61,261	$ 1,056	$ 1,045,147

	2021			
	Share premium	Change in equity of associates accounted for under equity method	Others	Total
At January 1	$ 2,060,376	$ 61,035	$ 597	$ 2,122,008
Change in equity of associates accounted for under equity method	-	226	-	226
Cash from capital surplus	(1,021,370)	-	-	(1,021,370)
Cash dividends returned	-	-	215	215
At December 31	$ 1,039,006	$ 61,261	$ 812	$ 1,101,079

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with prior year's accumulated undistributed earnings shall be proposed by the Board of Directors. However, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares, or the appropriation of earnings shall be resolved by the Board of Directors, if earnings are distributed in the form of cash. The Company should consider factors affecting finance, business and operations to appropriate distributable earnings for the period, and appropriate all or partial reserve in accordance with regulations of the Competent Authority. Cash dividends distributed are at least 50% of the addition of distributable earnings for the current year.

The Company's dividend policy takes into consideration the Company's future expansion plans and future cash flows. In accordance with the Company's dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

In accordance with Company Act Article 240, Item 5 and Article 241, Item 2, the resolution, for all or partial of distributable dividends, legal reserve and capital surplus are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors, and will be reported to the shareholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of 2021 and 2020 earnings had been resolved at the shareholders' meeting on June 8, 2022 and August 9, 2021, respectively. Details are summarised below:

	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 1,685,276	$ -	$ -	$ -
Special reserve	220,040	-	1,339,013	-
Cash dividends	12,821,591	25.00	6,128,219	12.00
	$14,726,907	$ 25.00	$ 7,467,232	$ 12.00

E. On April 22, 2022, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of $1,025,727 (2 NT dollars per share).

F. On April 23, 2021, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of $1,021,370 (2 NT dollars per share).

(15) Other equity items

	2022		
	Unrealised gains(losses) on valuation	Currency translation difference	Total
At January 1	$ 2,380,781	($ 4,156,871)	($ 1,776,090)
Revaluation:			
–the Company	26,419	-	26,419
–Subsidiary and associates	(1,015,383)	-	(1,015,383)
Currency translation differences:			
–Subsidiary and associates	-	5,451,229	5,451,229
At December 31	$ 1,391,817	$ 1,294,358	$ 2,686,175

	2021		
	Unrealised gains on valuation	Currency translation difference	Total
At January 1	$ 1,384,909	($ 2,940,958)	($ 1,556,049)
Revaluation:			
–Subsidiary and associates	995,872	-	995,872
Currency translation differences:			
–Subsidiary and associates	-	(1,215,913)	(1,215,913)
At December 31	$ 2,380,781	($ 4,156,871)	($ 1,776,090)

(16) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers	$ 67,491,952	$ 68,352,652

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines:

Year ended December 31, 2022	Integrated circuit products	Others	Total
Revenue from external customer contracts	$ 67,267,956	$ 223,996	$ 67,491,952
Timing of revenue recognition			
At a point in time	$ 67,267,956	$ 223,996	$ 67,491,952

Year ended December 31, 2021	Integrated circuit products	Others	Total
Revenue from external customer contracts	$ 68,225,415	$ 127,237	$ 68,352,652
Timing of revenue recognition			
At a point in time	$ 68,225,415	$ 127,237	$ 68,352,652

B. Contract liabilities

The Company has recognized the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities – advance sales receipts	$ 52,282	$ 84,259	$ 163,080

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Years ended December 31,	
	2022	2021
Contract liabilities – advance sales receipts	$ 67,789	$ 130,391

C. Refund liabilities (shown in other current liabilities)

The Company estimates the discounts based on accumulated experience. The estimation is subject to an assessment at each reporting date.

	December 31, 2022	December 31, 2021
Refund liabilities – current	$ 5,701,692	$ 5,044,386

(17) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 64,434	$ 4,621
Other interest income	162,768	23,182
	$ 227,202	$ 27,803

(18) Other income

	Years ended December 31,	
	2022	2021
Rent income	$ 4,176	$ 4,226
Dividend income	1,278	1,434
Grant income	97,243	53,621
Other income	124,492	7,262
	$ 227,189	$ 66,543

(19) Other gains and losses

	Years ended December 31,	
	2022	2021
Gains on disposal of property, plant and equipment	$ 1,002	$ 200
Losses on disposal of investments	-	(145)
Net currency exchange gains (losses)	281,355	(76,404)
(Losses) gains on financial assets at fair value through profit or loss	(71,596)	47,244
Other losses	(7,688)	(176,833)
Gains arising from lease modifications	24	236
	$ 203,097	($ 205,702)

(20) Finance costs

	Years ended December 31, 2022	Years ended December 31, 2021
Interest expense		
Bank borrowings	$ 182,251	$ 75,951
Lease liabilities	19,203	18,924
	$ 201,454	$ 94,875

(21) Expenses by nature

	Years ended December 31, 2022	Years ended December 31, 2021
Employee benefit expenses	$ 23,814,213	$ 23,378,582
Depreciation	976,697	833,678
Amortisation	1,589,992	1,272,531

(22) Employee benefit expenses

	Years ended December 31, 2022	Years ended December 31, 2021
Wages and salaries	$ 22,400,629	$ 22,176,909
Labor and health insurance fees	774,930	627,431
Pension costs	351,223	309,162
Other personnel expenses	287,431	265,080
	$ 23,814,213	$ 23,378,582

A. In accordance with the Company's Articles of Incorporation, the Company shall appropriate no higher than 3% for directors' remuneration and no less than 1% for employees' compensation, if the Company generates profit. If the Company has accumulated deficit, earnings should be reserved to cover losses before the appropriation of directors' remuneration and employees' compensation.

Aforementioned employees' compensation could be distributed by cash or stocks. Specifics of the compensation are to be determined by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the number of directors. The resolution should be reported to the shareholders during the shareholders' meeting.

B. For the years ended December 31, 2022 and 2021, employees' compensation were accrued at $4,765,898 and $4,956,694, respectively; directors' remuneration were accrued at $120,000 and $130,000, respectively. The amounts were estimated as operating cost or operating expense in accordance with the Company's Articles of Incorparation.

On March 18, 2022, the employees' compensation of $4,956,694 and directors' remuneration of $130,000 for 2021 resolved at the meeting of the Board of Directors agreed with those amounts recognized in the 2021 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

	Years ended December 31,	
	2022	2021
Current income tax:		
Current income tax on profits for the year	$ 929,588	$ 917,484
Tax on undistributed earnings	106,293	64,850
Prior year income tax overestimation	(355,446)	(276,529)
Total current income tax	680,435	705,805
Deferred income tax:		
Origination and reversal of temporary differences	(2,435)	(805)
Income tax expense	$ 678,000	$ 705,000

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Income tax calculated based on income before tax	$ 3,376,410	$ 3,511,552
Expenses disallowed by tax regulation and effects from tax-exempt income	(2,449,257)	(2,594,873)
Prior year income tax overestimation	(355,446)	(276,529)
Tax on undistributed earnings	106,293	64,850
Income tax expense	$ 678,000	$ 705,000

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2022		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets:			
-Temporary differences:			
Unrealised loss on market price decline and obsolete and slow-moving inventories and others	$ 171,321	($ 38,352)	$ 132,969
Deferred income tax liabilities:			
-Temporary differences:			
Unrealised exchange gain	(103,512)	40,787	(62,725)
	$ 67,809	$ 2,435	$ 70,244

	Year ended December 31, 2021		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets:			
-Temporary differences:			
Unrealised loss on market price decline and obsolete and slow-moving inventories and others	$ 169,876	$ 1,445	$ 171,321
Deferred income tax liabilities:			
-Temporary differences:			
Unrealised exchange gain	(102,872)	(640)	(103,512)
	$ 67,004	$ 805	$ 67,809

D. The amounts of deductible temporary differences that were not recognized as deferred income tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 2,179,722	$ 1,414,597

E. As at December 31, 2022, the Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to common shareholders	$ 16,204,052	512,410	$ 31.62
Diluted earnings per share			
Profit attributable to common shareholders	$ 16,204,052	512,410	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	19,175	
Profit attributable to common shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 16,204,052	531,585	$ 30.48

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to common shareholders	$ 16,852,759	510,684	$ 33.00
Diluted earnings per share			
Profit attributable to common shareholders	$ 16,852,759	510,684	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	9,726	
Profit attributable to common shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 16,852,759	520,410	$ 32.38

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31, 2022	Years ended December 31, 2021
Purchase of property, plant and equipment	$ 2,179,735	$ 2,650,026
Add: Opening balance of payable on equipment	283,796	58,959
Less: Ending balance of payable on equipment	(114,514)	(283,796)
Cash paid during the year	$ 2,349,017	$ 2,425,189

	Years ended December 31, 2022	Years ended December 31, 2021
Purchase of intangible assets	$ 1,799,797	$ 1,460,713
Add: Opening balance of payable on software and intellectual property	1,445,930	1,152,591
Less: Ending balance of payable on software and intellectual property	(1,292,307)	(1,445,930)
Cash paid during the year	$ 1,953,420	$ 1,167,374

(26) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits	Lease liabilities	Long-term borrowings	Liabilities from financing activities-total
At January 1, 2022	$ 13,342,100	$ 1,050	$ 1,105,395	$ 1,002,799	$ 15,451,344
Changes in cash flow from financing activities	395,894	(719)	(26,897)	711,110	1,079,388
Interest paid	-	-	(19,203)	-	(19,203)
Interest on lease liabilities	-	-	19,203	-	19,203
Changes in other non-cash items	-	-	15,728	(593)	15,135
At December 31, 2022	$ 13,737,994	$ 331	$ 1,094,226	$ 1,713,316	$ 16,545,867

	Short-term borrowings	Guarantee deposits	Lease liabilities	Long-term borrowings	Liabilities from financing activities-total
At January 1, 2021	$ 11,456,690	$ 1,038	$ 1,124,974	$ -	$ 12,582,702
Changes in cash flow from financing activities	1,885,410	12	(35,293)	1,017,360	2,867,489
Interest paid	-	-	(18,924)	-	(18,924)
Interest on lease liabilities	-	-	18,924	-	18,924
Changes in other non-cash items	-	-	15,714	(14,561)	1,153
At December 31, 2021	$ 13,342,100	$ 1,050	$ 1,105,395	$ 1,002,799	$ 15,451,344

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Leading Enterprises Limited	Subsidiary
Realtek Singapore Private Limited	Subsidiary
Bluocean Inc.	Subsidiary
Talent Eagle Enterprise Inc.	Subsidiary
Amber Universal Inc.	Subsidiary
Hung-wei Venture Capital Co., Ltd.	Subsidiary
AICONNX Technology Corporation	Subsidiary
Cortina Systems Taiwan Limited	Sub-subsidiary
RayMX Microelectronics Corp.	Sub-subsidiary
G.M.I Technology Inc.	Other related party
Actions Semiconductor Co., Ltd.	Other related party
C-Media Electronics Inc.	Other related party
Greatek Electronics Inc.	Other related party
EmBestor Technology Inc.	Other related party

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2022	2021
Sales of goods：		
G.M.I Technology Inc.	$ 9,142,682	$ 9,690,767
Others	390,473	604,767
	$ 9,533,155	$ 10,295,534

Goods are sold based on the price lists in force and terms that would be available to third parties, and the general collection term was 30 ~ 60 days after monthly billings.

B. Processing cost

	Years ended December 31,	
	2022	2021
Greatek Electronics Inc.	$ 694,922	$ 1,009,689

Processing cost is paid to related parties on normal commercial terms and conditions, and the general payment term was 69 days after monthly billings.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable：		
G.M.I Technology Inc.	$ 1,048,725	$ 1,763,556
Others	47,487	46,113
	$ 1,096,212	$ 1,809,669

Aforementioned receivables were 30 ~ 60 days after monthly billings. The receivables from related parties arise mainly from sale transactions. The receivables bear no interest.

D. Payables to related parties:

	December 31, 2022	December 31, 2021
Accounts payable：		
Greatek Electronics Inc.	$ 90,031	$ 235,939
Other	71	1,034
	$ 90,102	$ 236,973

The payment term above was 69 days after monthly billings. The payables to related parties arise mainly from processing cost. The payables are unsecured in nature and bear no interest.

E. Other transactions and other payables (receivables):

	Years ended December 31,			
	2022		2021	
	Amount	Ending balance	Amount	Ending balance
Other related parties-				
Sales commissions	$ 412,307	$ 36,122	$ 396,355	$ 63,954
Technical royalty revenue	($ 911)	$ -	($ 31,451)	$ -
Cash dividend income	($ 1,278)	$ -	($ 1,434)	$ -
Others	$ -	$ 7,701	$ -	$ -
Subsidiaries and sub-subsidiaries-				
Interest income	($ 162,768)	($ 34,772)	($ 23,182)	($ 18,285)
Other income	$ -	($ 49,959)	$ -	($ 53,368)
Cash dividend income	($ 9,304,732)	($ 3,070,800)	($ 5,669,060)	$ -
Rent income	($ 2,030)	($ 243)	($ 1,922)	($ 248)
Technical service fees	$ 756,426	$ 188,642	$ -	$ -
Others	$ -	$ 66	$ -	$ -

The payment term above was 49 days after monthly billings; collection term was 30 ~ 60 days after monthly billings.

F. Acquisition of financial assets:

	Accounts	No. of shares	Objects	Year ended December 31, 2021 Consideration
AICONNX Technology Corporation	Investments accounted for under equity method	2,000,000	AICONNX Technology Corporation equity (Investment Establishment)	$ 20,000

G. Loans to related parties :

(a) Outstanding balance:

	December 31, 2022	December 31, 2021
Subsidiaries		
Leading Enterprises Limited	$ 1,197,612	$ 2,422,875
Talent Eagle Enterprise Inc.	-	1,661,400
Bluocean Inc.	-	1,661,400
Amber Universal Inc.	2,487,348	1,629,557
Hung-wei Venture Capital Co., Ltd.	70,000	87,000
	$ 3,754,960	$ 7,462,232

(b) Interest income

	Years ended December 31,	
	2022	2021
Subsidiaries	$ 162,768	$ 23,182

The loans to subsidiaries are repayable monthly within one year, and carry interest at 2% and 0.58% for the years ended December 31, 2022 and 2021, respectively.

H. Endorsements and guarantees provided to related parties:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 17,766,228	$ 14,339,165

(3) Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 564,883	$ 248,487
Post-employment benefits	3,875	3,103
Total	$ 568,758	$ 251,590

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purposes
Time deposits (shown in financial assets at amortised cost - non-current)	$ 31,348	$ 31,048	Guarantee for the importation customs duties of materials
"	49,849	44,810	Guarantee for leasing land and office in Science Park
	$ 81,197	$ 75,858	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

A. In 2020, Divx, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On July 4, 2021, DivX terminated the investigation against the Company in ITC.

B. In 2020, KONINKLIJKE PHILIPS N.V. and PHILIPS NORTH AMERICA LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On March 23, 2022, ITC issued the final determination finding non-infringement for the accused Company's IC products and non-existence of the required domestic industry.

C. Future Link Systems, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court for the Western District of Texas against the Company's IC products. Due to the Plaintiff/ Complainant's withdrawal of its patent infringement complaints, the patent infringement cases have been terminated.

D. BANDSPEED, LLC brought an action for patent infringement in United States District Court for the Western District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

E. Advanced Micro Devices, Inc./ ATI Technologies ULC brought an action for patent infringement in United States International Trade Commission ("ITC") and United States District Court for the Eastern District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

F. American Patent LLC brought an action for patent infringement in United States District Court for the Eastern District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 110,533	$ 129,129
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 61,455	$ -
Financial assets at amortised cost/Receivables		
Cash and cash equivalents	$ 2,538,812	$ 2,874,335
Financial assets at amortised cost	81,197	75,858
Accounts receivable (including related parties)	6,460,614	9,718,326
Other receivables (including related parties)	6,913,596	7,542,294
Refundable deposits	2,171,839	719,802
	$ 18,166,058	$ 20,930,615
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 13,737,994	$ 13,342,100
Notes payable	-	3,276
Accounts payable (including related parties)	4,501,710	7,586,416
Other payable (including related parties)	25,836,597	22,969,591
Long-term borrowings	1,713,316	1,002,799
Guarantee deposits	331	1,050
Other financial liability	5,701,692	5,044,386
	$ 51,491,640	$ 49,949,618
Lease liability	$ 1,094,226	$ 1,105,395

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a Company finance under policies approved by the Board of Directors. Company finance identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

ii. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company finance.

iii. The Company's businesses involve some functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 432,408	30.708	$ 13,278,385
Non-monetary items			
USD:NTD	1,881,393	30.708	57,773,816
Financial liabilities			
Monetary items			
USD:NTD	354,424	30.708	10,883,652

	December 31, 2021				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	721,980	27.690	$	19,991,626
Non-monetary items					
USD:NTD		1,692,376	27.690		46,861,891
Financial liabilities					
Monetary items					
USD:NTD		458,477	27.690		12,695,228

The total exchange gain(loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $281,355 and $(76,404), respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022				
	Sensitivity analysis				
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	132,784	$	-
Non-monetary items					
USD:NTD	1%		-		577,673
Financial liabilities					
Monetary items					
USD:NTD	1%	(	108,825)		-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 199,916	$ -
Non-monetary items			
USD:NTD	1%	-	468,619
Financial liabilities			
Monetary items			
USD:NTD	1%	(126,952)	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had decreased/increased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $11,053 and $12,913, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $6,146 and $0, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company has no material interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for

managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  (iii) Default or delinquency in interest or principal repayments;
  (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

viii. The Company used the forecast ability of semiconductor industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	1~90 days past due	Over 90 days past due	Total
At December 31, 2022				
Expected loss rate	0-1%	0-1%	100%	
Total book value	$ 6,481,979	$ 43,893	$ 37	$ 6,525,909
Loss allowance	$ 64,819	$ 439	$ 37	$ 65,295

	Not past due	1~90 days past due	Over 90 days past due	Total
At December 31, 2021				
Expected loss rate	0-1%	0-1%	100%	
Total book value	$ 9,733,237	$ 83,338	$ 461	$ 9,817,036
Loss allowance	$ 96,119	$ 2,130	$ 461	$ 98,710

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022
	Loss allowance for accounts receivable
At January 1	$ 98,710
Reversal of impairment	(33,415)
At December 31	$ 65,295

	2021
	Loss allowance for accounts receivable
At January 1	$ 95,360
Provision for impairment	3,350
At December 31	$ 98,710

x. For financial assets at amortised cost, the credit rating levels are presented below:

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 81,197	$ -	$ -	$ 81,197

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 75,858	$ -	$ -	$ 75,858

The financial assets at amortized cost are bank time deposits with original maturity more than three months, and there is no significant abnormality in credit risk assessment.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company finance. Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

ii. Company finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$13,737,994	$ -	$ -
Notes payable	-	-	-
Accounts payable (including related parties)	4,501,710	-	-
Other payables (including related parties)	25,836,597	-	-
Lease liability	43,884	158,424	1,305,338
Long-term borrowings	-	1,728,470	-
Guarantee deposits	-	-	331
Other financial liabilities	5,701,692	-	-

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$13,342,100	$ -	$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	7,586,416	-	-
Other payables (including related parties)	22,969,591	-	-
Lease liability	45,175	162,621	1,328,389
Long-term borrowings	-	1,017,360	-
Guarantee deposits	-	-	1,050
Other financial liabilities	5,044,386	-	-

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of nature of the assets is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 57,533	$ -	$ -	$ 57,533
Hybrid instruments	-	-	53,000	53,000
Financial assets at fair value through other comprehensive income				
Equity securities	61,455	-	-	61,455
Total	$ 118,988	$ -	$ 53,000	$ 171,988

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Equity securities	$ 129,129	$ -	$ -	$ 129,129

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund	Government bond	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Net asset value	Transaction price	Weighted average quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional input.

C. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:.

	2022	2021
	Non-derivative equity	Non-derivative equity
At January 1	$ -	$ -
Acquisition in the period	53,000	-
At December 31	$ 53,000	$ -

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

F. The finance division is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31,2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instruments:					
Convertible note	$ 53,000	Binomial Model	Not applicable	-	Not applicable

December 31, 2021：None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 1, table 2 and table 6.

(4) Major shareholders information

As at December 31, 2022, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

14. SEGMENT INFORMATION

Not applicable.

REALTEK SEMICONDUCTOR CORPORATION

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022	Actual amount drawn down (Note 4)	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
0	Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Other receivables-related parties	Y	$ 100,000	$ 100,000	$ 70,000	2.00	Short-term financing	$ -	Operations	$ -	None	$ -	$ 4,675,323	$ 18,701,293	None
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	Other receivables-related parties	Y	61,416	61,416	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	Other receivables-related parties	Y	300,000	300,000	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Bluocean Inc.	Other receivables-related parties	Y	2,149,560	2,149,560	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	2,456,640	2,456,640	-	-	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	Other receivables-related parties	Y	3,070,800	3,070,800	1,197,612	4.30	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
0	Realtek Semiconductor Corporation	Amber Universal Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	2,487,348	4.30	Short-term financing	-	Operations	-	None	-	4,675,323	18,701,293	None
1	Leading Enterprises Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	1,842,480	1,842,480	1,777,993	4.30	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
2	Amber Universal Inc.	Bluocean Inc.	Other receivables-related parties	Y	1,535,400	1,535,400	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
2	Amber Universal Inc.	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3,078,800	3,078,800	138,186	4.30	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
3	Cortina Access, Inc.	Leading Enterprises Limited	Other receivables-related parties	Y	921,240	921,240	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Investment Singapore Private Limited	Leading Enterprises Limited	Other receivables-related parties	Y	3,070,800	3,070,800	1,375,718	4.30	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Investment Singapore Private Limited	RayMX Microelectronics Corp.	Other receivables-related parties	Y	61,416	61,416	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None

REALTEK SEMICONDUCTOR CORPORATION

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022	Actual amount drawn down (Note 4)	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
4	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	Other receivables-related parties	Y	$ 921,240	$ 921,240	$ -	-	Short-term financing	$ -	Operations	$ -	None	$ -	$ 18,701,293	$ 18,701,293	None
4	Realtek Singapore Private Limited	Bluocean Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Singapore Private Limited	Amber Universal Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	15,354	4.30	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
4	Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3,070,800	3,070,800	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
5	Realsil Microelectronics Corp.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	353,400	353,400	143,790	4.35	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
5	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	Other receivables-related parties	Y	353,400	353,400	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None
6	Cortina Network Systems Shanghai Co., Ltd.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	132,525	132,525	-	-	Short-term financing	-	Operations	-	None	-	18,701,293	18,701,293	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The Company's "Procedures for Provision of Loans" are as follows:
(1) Ceiling on total loans granted by the Company to all parties is 40% of the Company's net assets value as per its most recent financial statements.
(2) Limit on loans to a single party with business transactions is the business transactions occurred between the creditor and borrower in the current year. The business transaction amount is the higher of purchasing and selling during current year on the year of financing.
(3) For companies needing for short-term financing, the cumulative lending amount may not exceed 40% of the borrowing company's net assets based on its latest financial statements audited or reviewed by independent auditors.
The amount the Company or its subsidiaries lend to an individual entity may not exceed 10% of the Company's or subsidiary's net assets based on its latest financial statements audited or reviewed by independent auditors.
For the foreign companies which the Company holds 100% of the voting rights directly or indirectly, limit on loans is not restricted as stipulated in the above item (3). However, the ceiling on total loans and limit on loans to a single party may not exceed 40% of the Company's net assets based on its latest financial statements audited or reviewed by independent auditors.

Note 3: Accumulated maximum outstandings balance of loans to others as at the reporting month of the current period.

Note 4: Fill in the actual amount of loans to others used by the borrowing company.

REALTEK SEMICONDUCTOR CORPORATION

Provision of endorsements and guarantees to others

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor (Note 2)	Limited on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amont drawn down (Note 6)	Amount of endorsements/ gurantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Realtek Semiconductor Corporation	Realtek Singapore Private Limited	2	$ 23, 376, 616	$ 4, 675, 323	$ 4, 675, 323	$ -	$ -	10%	$ 23, 376, 616	Y	N	N	
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	2	23, 376, 616	9, 350, 646	9, 350, 646	-	-	20%	23, 376, 616	Y	N	N	
0	Realtek Semiconductor Corporation	Realsil Microelectronics Corp.	2	23, 376, 616	1, 402, 597	1, 402, 597	-	-	3%	23, 376, 616	Y	N	Y	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	2	23, 376, 616	1, 402, 597	1, 402, 597	-	-	3%	23, 376, 616	Y	N	Y	
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	2	23, 376, 616	935, 065	935, 065	-	-	2%	23, 376, 616	Y	N	N	
1	Leading Enterprises Limited	Realsil Microelectronics Corp.	2	23, 376, 616	614, 160	614, 160	-	-	1%	23, 376, 616	N	N	Y	
2	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	2	23, 376, 616	614, 160	614, 160	-	-	1%	23, 376, 616	N	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total endorsements/guarantees granted by the Company and subsidiaries is 50% of the Company's net asset based on the latest financial statements audited or reviewed by independent auditors, and limit on endorsements/guarantees to a single party is 50% of the Company's net asset based on the latest financial statements audited or reviewed by independent auditors.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Gorverning Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

REALTEK SEMICONDUCTOR CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As of December 31, 2022 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Realtek Semiconductor Corporation	C-media Electronics Inc. - Common stock	Other related parties	Financial assets at fair value through profit or loss	1,278,501	$ 57,533	1.63%	$ 57,533	
Realtek Semiconductor Corporation	Nuheara Ltd - Convertible notes	None	Financial assets at fair value through profit or loss	-	53,000	-	53,000	
Realtek Semiconductor Corporation	Nuheara Ltd - Common stock	None	Financial assets at fair value through other comprehensive income	14,166,667	61,455	11.85%	61,455	
Realking Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	3,575,000	90,984	5.26%	90,984	
Realsun Investment Co., Ltd.	Shieh-Yong Investment Co., Ltd. - Common stock	None	Financial assets at fair value through other comprehensive income	66,817,958	554,000	3.03%	554,000	
Realsun Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	3,575,000	90,984	5.26%	90,984	
Leading Enterprises Limited	Fortemedia Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8,873,301	100,387	6.89%	100,387	
Leading Enterprises Limited	Starix Technology, Inc. - Preferred stock	None	Financial assets at fair value through other comprehensive income	5,000,000	18,425	-	18,425	
Leading Enterprises Limited	Octtasia Investment Holding Inc - Common stock	None	Financial assets at fair value through other comprehensive income	9,000,000	1,074,834	12.49%	1,074,834	
Leading Enterprises Limited	Apple Inc.-Corporate bond	None	Financial assets at amortised cost	-	268,228	-	268,228	
Leading Enterprises Limited	Qualcomm Inc. - Corporate bond	None	Financial assets at amortised cost	-	264,346	-	264,346	
Amber Universal Inc.	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	4,726,836	564,507	6.56%	564,507	
Hung-wei Venture Capital Co., Ltd.	United Microelectronics Corporation. - Common stock	None	Financial assets at fair value through other comprehensive income	336,346	14,093	-	14,093	
Hung-wei Venture Capital Co., Ltd.	C-media Electronics Inc.- Common stock	Other related parties	Financial assets at fair value through profit or loss	2,274,875	102,369	2.89%	102,369	
Hung-wei Venture Capital Co., Ltd.	Greatek Electroninc Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	5,823,602	280,989	1.02%	280,989	
Hung-wei Venture Capital Co., Ltd.	Subtron technology Co., Ltd - Common stock	None	Financial assets at fair value through other comprehensive income	1,093,968	28,771	0.37%	28,771	
Hung-wei Venture Capital Co., Ltd.	Embestor Technology Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	2,800,000	40,408	10.77%	40,408	
Blueocean Inc.	CyWeeMotion Group Ltd	None	Financial assets at fair value through other comprehensive income	8,422,256	-	7.01%	-	

REALTEK SEMICONDUCTOR CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Blueocean Inc.	Eargo, Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8,383,279	$ 143,983	2.02%	$ 143,983	
Talent Eagle Enterprise Inc.	Eargo, Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	2,092,504	35,939	0.50%	35,939	
Realsil Microelectronics Corp.	Cuam Money Fund	None	Financial assets at fair value through profit or loss	63,163,125	278,732	-	278,732	
Realsil Microelectronics Corp.	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	15,160,700	66,903	-	66,903	
Realsil Microelectronics Corp.	BOC Cash Fund	None	Financial assets at fair value through profit or loss	33,837,841	149,323	-	149,323	
Realsil Microelectronics Corp.	Guang-Fa Currency Fund	None	Financial assets at fair value through profit or loss	98,744,567	434,571	-	434,571	
Realsil Microelectronics Corp.	WAN JIA Monetary Fund	None	Financial assets at fair value through profit or loss	10,147,702	44,781	-	44,781	
Realsil Microelectronics Corp.	Guang-Fa Demand Policy Loan Fund	None	Financial assets at fair value through profit or loss	5,019,551	22,151	-	22,151	
Realsil Microelectronics Corp.	Jian-Xin Monetary Fund	None	Financial assets at fair value through profit or loss	10,038,360	44,298	-	44,298	
Realsil Microelectronics Corp.	Pu-Yin Monetary Fund	None	Financial assets at fair value through profit or loss	5,015,764	22,143	-	22,134	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund A	None	Financial assets at fair value through profit or loss	9,884,954	43,621	-	43,621	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund B	None	Financial assets at fair value through profit or loss	10,119,498	44,656	-	44,656	
Realtek Semiconductor (Shen Zhen) Corp.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	26,045,755	114,937	-	114,937	
Cortina Network Systems (Shanghai) Co. Ltd.	Step by step Gold Fund	None	Financial assets at fair value through profit or loss	16,100,000	71,048	-	71,048	
Cortina Network Systems (Shanghai) Co. Ltd.	Cuam Money Fund	None	Financial assets at fair value through profit or loss	10,003,500	44,144	-	44,144	
Cortina Network Systems (Shanghai) Co. Ltd.	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	5,004,932	22,086	-	22,086	
Realtek Investment Singapore Private Limited	Bond funds	None	Financial assets at fair value through profit or loss	-	305,145	-	305,145	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instrument'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

REALTEK SEMICONDUCTOR CORPORATION

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable(payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	(Sales)	($ 9,142,682)	(8%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	$ 1,048,725	9%	
Realtek Semiconductor Corporation	Actions Semiconductor Co., Ltd.	Other related parties	(Sales)	(53,120)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	-	0%	
Realtek Semiconductor Corporation	C-Media Electronics Inc.	Other related parties	(Sales)	(337,353)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	46,131	0%	
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	(Sales)	(97,058)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	21,130	0%	
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	(Sales)	(7,281,111)	(7%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	1,478,273	12%	
Realtek Semiconductor Corporation	Greatek Electronics Inc.	Other related parties	Purchase	694,922	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(90,031)	1%	
Realtek Singapore Private Limited	Greatek Electronics Inc.	Other related parties	Purchase	350,704	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(64,824)	0%	

REALTEK SEMICONDUCTOR CORPORATION

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	$ 1,048,725	6.50	$ -	-	$ 691,384	$ 10,593
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	1,478,273	5.17	-	-	727,379	-

REALTEK SEMICONDUCTOR CORPORATION
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	1	Other receivables	$ 49,959	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
0	Realtek Semiconductor Corporation	Realtek Korea Inc.	1	Technical service fees	132,850	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.12%
0	Realtek Semiconductor Corporation	Realtek Korea Inc.	1	Other payables	18,801	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.02%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Technical service fees	623,576	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.56%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Other payables	169,841	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.15%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Technical service fees	2,812,029	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	2.25%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Prepaid account	73,699	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.06%
1	Realtek Singapore Private Limited	Realtek Semiconductor(Shen Zhen) Corp.	3	Technical service fees	628,378	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.56%
1	Realtek Singapore Private Limited	Realtek Semiconductor(Shen Zhen) Corp.	3	Other payables	41,456	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
1	Realtek Singapore Private Limited	Cortina Access Inc.	3	Technical service fees	245,414	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.22%
1	Realtek Singapore Private Limited	Cortina Access Inc.	3	Other payables	14,724	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co. Ltd.	3	Technical service fees	151,947	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.14%
1	Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co. Ltd.	3	Other payables	40,600	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Technical service fees	186,317	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.17%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Other payables	7,537	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	Realtek Semiconductor (Japan) Inc.	3	Technical service fees	67,041	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.06%
1	Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd	3	Technical service fees	36,193	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.03%
1	Realtek Singapore Private Limited	Realtek Semiconductor (Malaysia) Sdn.Bhd	3	Technical service fees	15,674	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	3	Other receivables	49,959	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Only transactions above NT$10 million are disclosed. Transactions of related parties are not further disclosed here.

REALTEK SEMICONDUCTOR CORPORATION

Information on investees

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Realtek Semiconductor Corporation	Leading Enterprises Limited	British Virgin Islands	Investment holdings	$ -	$ 13,676,922	-	-	$ -	($ 76,336)	($ 136,075)	Subsidiary
Realtek Semiconductor Corporation	Amber Universal Inc.	British Virgin Islands	Investment holdings	4,833,896	4,358,823	41,432	100%	3,735,840	69,393	69,393	Subsidiary
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Singapore	ICs manufacturing, design, research, development, sales, and marketing	4,357,007	3,928,798	116,059,638	100%	47,105,531	15,285,229	15,286,889	Subsidiary
Realtek Semiconductor Corporation	Bluocean Inc.	Cayman Islands	Investment holdings	-	3,047,285	-	-	-	(33,218)	(39,716)	Subsidiary
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	-	3,159,429	-	-	-	(27,379)	6,459	Subsidiary
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	Singapore	Investment holdings	6,141,600	5,538,000	200,000,000	100%	6,925,958	117,565	117,565	Subsidiary
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd.	Taiwan	Investment holdings	280,000	280,000	28,000,000	100%	691,262	16,284	16,284	Subsidiary
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Taiwan	Investment holdings	250,000	250,000	25,000,000	100%	422,217	(85,095)	(85,095)	Subsidiary
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	Taiwan	Investment holdings	293,930	293,930	29,392,985	100%	259,432	(5,547)	(5,547)	Subsidiary
Realtek Semiconductor Corporation	Realsun Technology Corporatioin	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	5,000	5,000	500,000	100%	5,030	(37)	(37)	Subsidiary
Realtek Semiconductor Corporation	Bobitag Inc.	Taiwan	Manufacturing and installation of computer equipment and wholesasle, retail and related services of electronic materials and information/software	19,189	19,189	1,918,910	66.67%	19,436	276	184	Subsidiary
Realtek Semiconductor Corporation	AICONNX Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	20,000	20,000	2,000,000	100%	(5,269)	(22,073)	(20,948)	Subsidiary

REALTEK SEMICONDUCTOR CORPORATION

Information on investees

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Realtek Semiconductor Corporation	Estinet Technologies Incorporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	$ 110,000	$ 110,000	2,000,000	6.89%	$ 2,276	$ (47,721)	$ (2,822)	Investments accounted for under equity method
Realking Investments Co., Ltd.	Innorich Venture Capital Corp.	Taiwan	Venture capital activities	200,000	200,000	20,000,000	37.38%	135,808	(13,674)	(6,811)	Investments accounted for under equity method
Realking Investments Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	10,000	10,000	1,000,000	10%	7,242	(24,645)	(2,465)	Investments accounted for under equity method
Realsun Investments Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	23,000	23,000	2,300,000	23%	16,655	(24,645)	(5,668)	Investments accounted for under equity method
Hung-wei Venture Capital Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	12,000	12,000	1,200,000	12%	8,690	(24,645)	(2,957)	Investments accounted for under equity method
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Japan	Information collection and technical support	4,627	4,812	400	100%	1,971	(176)	(176)	Sub-Subsidiary
Leading Enterprises Limited	Circon Universal Inc.	Mauritius	Investment holdings	9,212	8,307	300,000	100%	7,950	45	45	Sub-Subsidiary
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Hong Kong	Information services and technical support	5,901	5,326	-	100%	1,121	(23)	(23)	Sub-Subsidiary
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Mauritius	Investment holdings	867,501	782,243	2,825,000	100%	2,138,374	138,531	138,531	Sub-Subsidiary
Realtek Singapore Private Limited	Cortina Access Inc.	U.S.A	R&D and technical support	1,254,299	1,131,026	16,892	100%	926,727	17,389	17,389	Sub-Subsidiary

REALTEK SEMICONDUCTOR CORPORATION

Information on investees

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	Taiwan	R&D and technical support	$ 61,416	$ 55,380	21,130,000	100%	$ 75,126	$ 23,963	$ 23,963	Sub-Subsidiary
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	Vietnam	R&D and technical support	122,832	110,760	4,000,000	100%	85,185	2,421	2,421	Sub-Subsidiary
Realtek Singapore Private Limited	Leading Enterprises Limited	British Virgin Islands	Investment holdings	15,167,602	-	34,630	100%	14,287,695	(76,336)	59,739	Sub-Subsidiary
Realtek Singapore Private Limited	Bluocean Inc.	Cayman Islands	Investment holdings	3,379,415	-	110,050,000	100%	3,506,802	(33,218)	6,498	Sub-Subsidiary
Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	3,503,783	-	114,100,000	100%	2,377,010	(27,379)	(33,838)	Sub-Subsidiary
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	U.S.A	R&D and information services	1,842,480	1,661,400	60,000,000	100%	296,291	14,021	14,021	Sub-Subsidiary
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn. Bhd.	Malaysia	R&D and information services	72,519	69,275	10,450,000	100%	67,368	2,327	2,357	Sub-Subsidiary
Bluocean Inc.	Realtek Korea Inc.	Korea	R&D and information services	48,177	-	200,000	100%	54,047	5,624	5,624	Sub-Subsidiary

Note：The amount of foreign currencies denominated in New Taiwan dollars in this table, which related to income and expenses were re-translated at the average exchange rate from January 1, 2022 to December 31, 2022, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.

REALTEK SEMICONDUCTOR CORPORATION

Information on investments in Mainland China

For the year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note2(2))	Book value of investment in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Cortina Network Systems (Shanghai) Co., Ltd.	R&D and technical support	$ 110,549	(2)	$ 110,549	$ -	$ -	$ 110,549	$ 10,346	100%	$ 10,346	$ 112,605	$ -	
Realsil Microelectronics Corp.	R&D and technical support	859,824	(2)	859,824	-	-	859,824	146,081	100%	146,081	2,133,820	-	
Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	153,540	(2)	153,540	-	-	153,540	21,793	100%	21,793	311,475	-	
RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	115,838	(2)	115,838	-	-	115,838	(21,114)	100%	(21,114)	382,720	-	
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	44,129	(2)	44,129	-	-	44,129	(83,656)	100%	(83,656)	(141,859)	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Cortina Network Systems (Shanghai) Co., Ltd.	$ 110,549	$ 110,549	$ 28,051,940
Realsil Microlectronics Corp.	859,824	859,824	
Realtek Semiconductor (Shan Zhen) Corp.	153,540	153,540	
RayMX Microelectronics Corp.	115,838	115,838	
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	44,129	44,129	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others.

Note 2: In the Investment income (loss) recognised by the Company for the year ended December 31, 2021 column,except for the financial statements of Cortina Network Systems (Shanghai) Co. Ltd. were audited by other independent auditors, the remaining financial statements were audited by the independent auditors of parent company in Taiwan.

Note 3: The amount of foreign currencies denominated in New Taiwan dollars in this table, which related to income and expenses were re-translated at the average exchange rate from January 1, 2022 to December 31, 2022, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.